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Central Intelligence Agency
National Foreign Assessment Center
28 October 1981

MEMORANDUM

China's International Economic Relations

In the five years since the death of Mao Zedong China's new leaders have moved the country unrelentingly towards greater participation in the world's economy. Beijing has dropped its ideological aversion to foreign debt, has encouraged foreign investment in the domestic economy, established diplomatic relations with the United States, joined the International Monetary Fund and World Bank, decentralized its trade organizations to promote direct foreign contacts at the enterprise level, and sent thousands of students abroad for a Western education. [REDACTED]

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Dealing With Deficits

In this improved atmosphere China's foreign trade has grown rapidly. Since 1977, China has maintained an average annual growth rate of nearly 35 percent for exports. This was done by diverting marginal amounts of output away from domestic consumption and by penetrating established Western markets through competitive pricing policies (see Figure 1). In real terms exports have increased 20 to 25 percent annually over the same period. Despite the rapid increase in trade, China's exports still amount to only a small fraction of domestic output or of world trade. [REDACTED]

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In general, Chinese imports have increased concomitantly (see Figure 2). On two occasions, however, the Chinese have incurred significant trade deficits--during the winters of 1978-79 and 1980-81 (see Figure 3). Each time, the Chinese turned to foreign sources for balance of payments support.

China's trade balance, which had been running in surplus though the first 3 quarters of 1978, turned into a \$400 million deficit in the fourth quarter (measured on an f.o.b. basis), then plunged to a \$700 million deficit in the first quarter of 1979--the largest quarterly deficit the Chinese had ever experienced.

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This memorandum was prepared by [REDACTED] of the China External Division of the Office of East Asian Affairs, National Foreign Assessment Center in response to a Treasury Department request. Questions and comments are welcome and may be addressed to the author [REDACTED]

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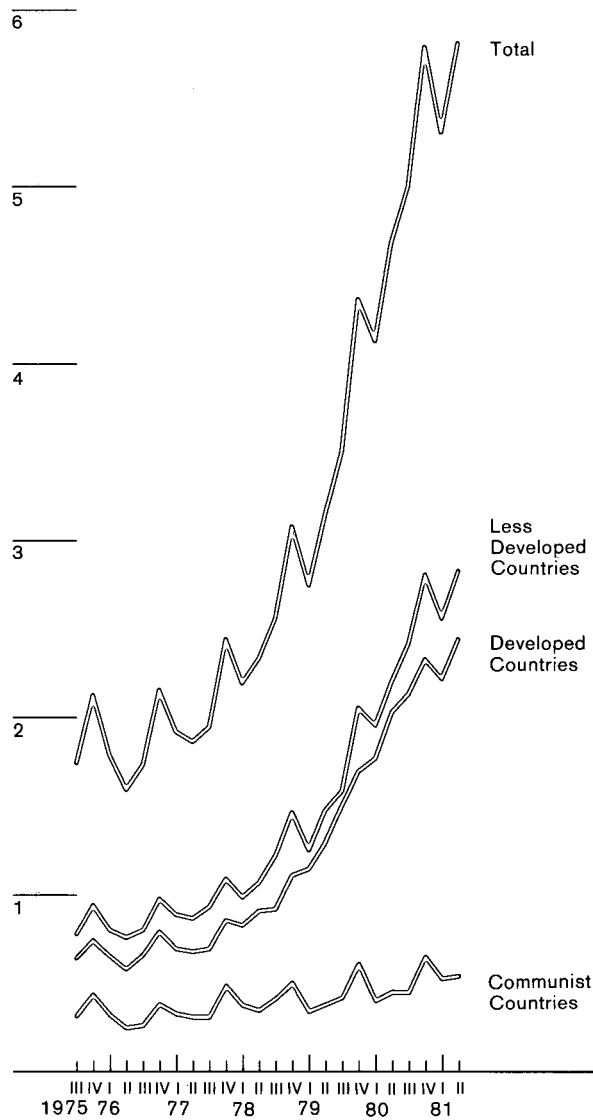
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Figure 1

China: Exports, f.o.b.

Billion US \$

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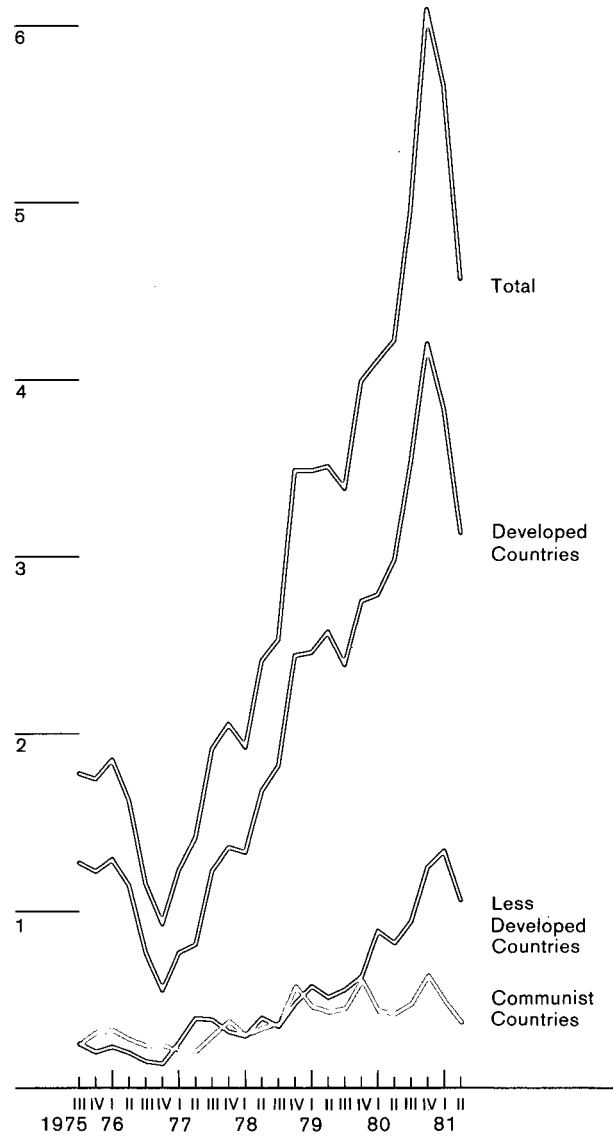
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Figure 2

China: Imports, f.o.b.

Billion US \$

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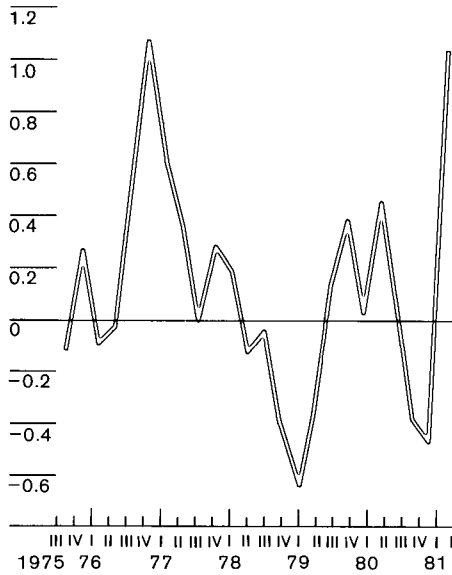
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Figure 3

China: Trade Balance^a

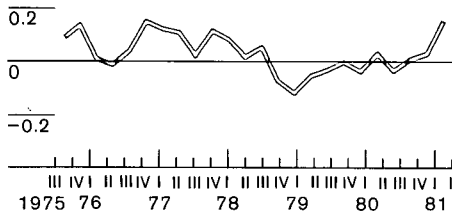
Billion US \$

With Non-Communist Countries



Billion US \$

With Communist Countries



^af.o.b., f.o.b.

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In addition, the Chinese had contracted to make downpayments of approximately \$600 million for plants ordered in the second half of 1978. Downpayments on the \$7 billion in contracts had left Beijing dangerously low on foreign exchange. Reserves had fallen to about \$1.5 billion by the beginning of 1979. [REDACTED]

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In early 1979, the Chinese arranged commercial credit lines amounting to nearly \$10 billion, mostly with Japanese banks. Moreover, in anticipation of making major capital purchases, the Chinese had amassed by mid-1979 over \$17 billion worth of pledges for officially-supported export credits from France (\$7.3 billion), the United Kingdom (\$5 billion), Japan (\$1.8 billion), Canada (\$1.7 billion) and Italy (\$1.0 billion), with smaller amounts from Belgium, Sweden, and Australia. Ironically, the Chinese have not used most of these credits. Between May and August 1979, LIBOR rates jumped from 10 1/2 percent to 17 percent, making these funds too expensive for the fiscally conservative Chinese. Moreover, the readjustment of the economy dictated a massive cutback in capital expenditures, leaving little need for these loans. [REDACTED]

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China's balance of payments position improved dramatically over the next year as a result of excellent export growth. In fourth quarter 1980, however, a surge in imports resulted in another bout of trade deficits. In November China drew its reserve tranche of \$280 million from the International Monetary Fund, the first drawing since China's entrance into the IMF in May 1980. The trade imbalance continued into the first quarter of 1981, and by the end of March Beijing had withdrawn a total of \$1.1 billion, exhausting its first credit tranche at the IMF. China also drew heavily on short-term foreign commercial loans during this period. By yearend 1980, total debt outstanding may have surpassed the \$3.4 billion mark predicted by the Chinese in September 1980. [REDACTED]

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Plant Contracts--Killed then Revived

Reacting to a rapidly deteriorating foreign exchange situation as well as to a general rethinking of China's development strategy, in February 1979 the Ministry of Finance sent notice to 20 Japanese firms that contracts they had signed with China's National Technical Import Corporation had failed to obtain Bank of China approval. As a result, the contracts--valued at \$2.6 billion--were suspended while China reexamined the projects and the financial commitments associated with them. Although the contracts were reinstated immediately after commercial Japanese banks put together a long-promised financial package, the Chinese never utilized any of these funds but continued to accept delivery of the equipment on a cash payment basis. [REDACTED]

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Unlike the plant contract suspensions of February 1979, the Chinese decision to cancel nearly \$2.0 billion worth of contracts for the Baoshan steel mill and for four petrochemical plant

-2-

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complexes in February 1981 probably was motivated more by internal economic considerations than by external financial constraints. Domestic investment was badly overextended, partly because of the local expenditures needed to construct plants purchased overseas. Moreover, it had become apparent that energy supplies for the plants would not be available. As in 1979, the Chinese told the Japanese that in order to complete the plant deals China would need low interest loans. Unlike the earlier loans, however, part of the new financing request was to cover the local costs of the projects. In effect, the Chinese wanted to finance their domestic budget deficits with foreign loans.

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If the plant cancellations were precipitated by perceived balance of payments problems, the Chinese reaction was too draconian. China's hard-currency reserves were adequate, with earnings more than sufficient to make scheduled payments for the plants. By the Bank of China's own account, China's foreign exchange reserves jumped from \$2.5 billion at the end of March to \$3.8 billion at the end of June. Even after canceling the plants, the Chinese continued to accept delivery of equipment, paying for each shipment in cash. As a result of excellent export growth and a cutback in agricultural imports, China's trade balance improved dramatically in second quarter 1981--from a \$400 million first-quarter deficit to a \$1 billion hard-currency surplus.

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New Directions in Trade Policy

Traditionally, Chinese exports have been spread over a wide range of commodities and markets. Adverse foreign economic situations would have minimal impact on China's domestic economic plans, because exports of any one commodity accounted for only a small portion of domestic production.

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In 1970 agricultural commodities accounted for more than half of China's exports. This proportion fell steadily during the decade, and in 1979, less than one-third of total earnings came from the agricultural sector (see Figure 4.) China became a

-3-

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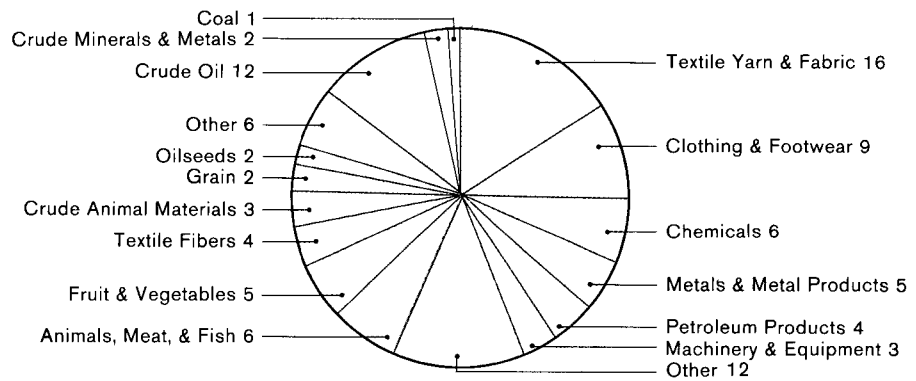
Figure 84

China: Commodity Composition of Trade, 1979

Percent

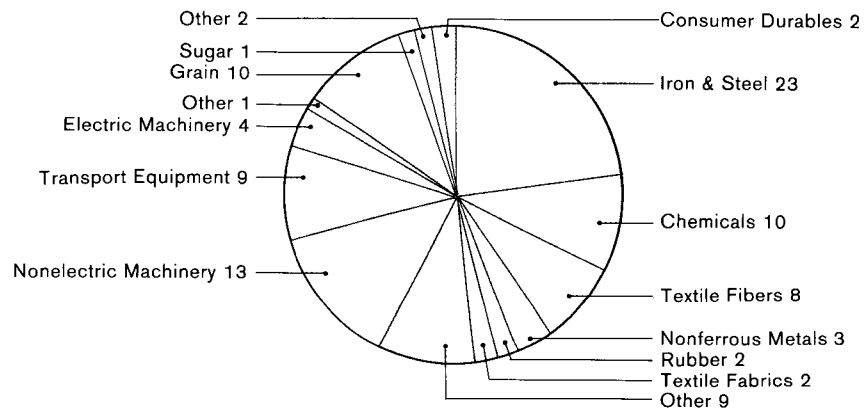
Exports: By Sector of Origin

<input type="checkbox"/> Manufacturing	56
<input type="checkbox"/> Agriculture	29
<input type="checkbox"/> Extractive	15



Imports: By End Use

<input type="checkbox"/> Industrial Supplies	58
<input type="checkbox"/> Capital Goods	27
<input type="checkbox"/> Foodstuffs	13
<input type="checkbox"/> Consumer Durables	2



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net oil exporter for the first time in 1973, and by 1979 extractive exports accounted for nearly 15 percent of total revenues. Exports of manufactures--led by textiles, clothing, and footwear--have made the greatest gains and now account for over half of export revenues. Despite these shifts, China is still a net exporter of agricultural goods and a net importer of manufactures. [redacted]

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Fundamental Chinese attitudes have been changing with respect to the role of trade in a planned economy. Exports no longer are seen purely as a means of paying for imports; they also have become a leading force for upgrading China's domestic industry. By prodding sleepy domestic industries to compete for foreign exchange in Western markets, the leadership is attempting to improve the quality of goods produced for the domestic market as well. The Chinese now recognize that in order to maximize their gains from trade, they must specialize along lines of comparative advantage in labor-intensive industries. It is no longer enough to export domestic surpluses. By diverting investment funds from heavy to light industry the Chinese expect to reap a larger return on investment, and in much less time. [redacted]

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Beijing's attitude with respect to the role of imports also is changing. Until the policy of "readjustment" was announced in December 1978, imports basically were used to overcome bottlenecks in the domestic economy and were concentrated in industrial supplies and other goods that were critical to the needs of the state (see Figure 4). Beijing followed a policy of import substitution: Imports of capital goods were aimed at eventually eliminating the need for imports of fertilizer, chemicals, steel, and nonferrous metals. Under the "readjustment" policy, import priorities have shifted toward satisfying the needs of the people and towards expanding export earnings. [redacted]

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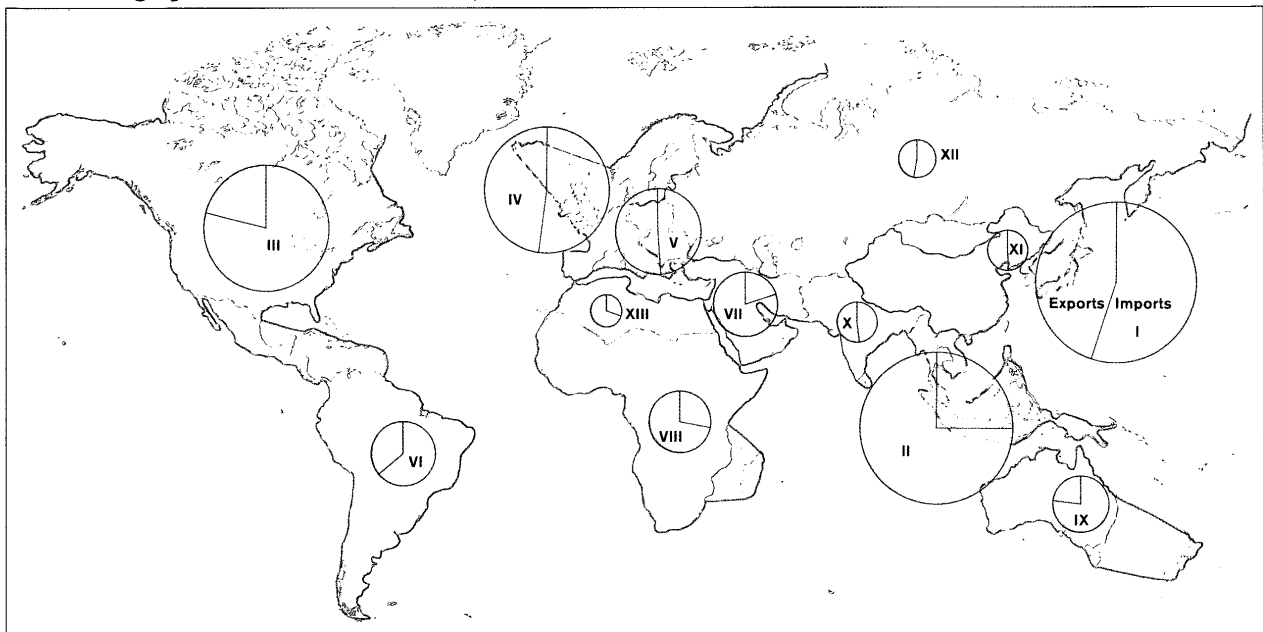
In 1980 China's readjustment policies began to have a major impact on the commodity composition of imports, and hence, on the direction of trade. Deliveries of complete industrial plants continued at a high pace. New orders, however, fell sharply. Steel imports also declined. On the other hand, Beijing's emphasis on improving the Chinese standard of living, boosting export earnings, and channeling investment funds into light industry has led to much larger imports of cotton and synthetic fibers, fertilizers, pesticides and insecticides, plastics and paper products, as well as increased purchases of grain and consumer goods. [redacted]

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The net result of these changes has been a shift in the direction of Chinese purchases (see Figure 5). The United States and Hong Kong have been the major beneficiaries, whereas West European countries have lost the most. Japan, by virtue of its close geographic and cultural proximity as well as its greater experience and flexibility in trading with China, so far appears to have broken even: Japan's dominant share of China's trade has

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Figure 5
China: Geographic Distribution of Trade, 1980



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Trade Region	Turnover Million US \$				
I Japan	9,247.3	VI Latin America (including Cuba)	1,531.6	XI Far Eastern Communist Countries	595.8
II Southeast Asia (including Hong Kong and Macau)	8,402.3	VII Middle East	1,441.2	XII USSR	486.9
III United States and Canada	5,684.7	VIII Sub-Saharan Africa	1,376.4	XIII North Africa	385.5
IV Western Europe	5,574.0	IX Australia and New Zealand	1,185.8		
V Eastern Europe (including Albania and Yugoslavia)	2,687.7	X South Asia	606.1		

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changed little in the last five years. The Communist countries have fared the worst; last year their share of the total slipped to 10 percent, the lowest ever. [REDACTED]

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Multilateral Ties

China has substantially expanded its involvement with international economic institutions during the past two years. Since joining the International Monetary Fund (IMF) and World Bank in April and May of 1980 respectively, China has tapped both organizations as part of its effort to obtain as much subsidized, long-term, low-interest money as is available. In June, Beijing received a conditional commitment for its first World Bank loan--\$200 million to upgrade its technical education system. Since last November, China has made \$1.1 billion in drawings from the IMF. In a significant departure from its past policy of self-reliance, in December of 1980 Beijing made its first request for international disaster relief assistance through the United Nations. A United Nations team that visited the flooded areas of Hubei province and the drought-stricken portions of Hebei province recommended that China receive approximately \$700 million worth of food, seed, and reclamation aid. However, given the meager international response--amounting to less than 2 percent of the requested funds--and leadership sensitivities toward the subject, Beijing may think twice before seeking such aid again. Claiming lack of familiarity with the benefits of membership, Beijing is still reluctant to join the General Agreement on Tariffs and Trade (GATT). To rectify this situation Chinese representatives have attended several GATT meetings and have enrolled an official in a four-month GATT training course. According to one senior Chinese diplomat, China probably will not make a decision on GATT membership before late 1982. [REDACTED]

Foreign Investment

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China remains committed to the policy of opening its economy to foreign investment and is currently taking steps to make the terms more precise and attractive so as to ease investor uncertainty. The equity joint venture program offers China an opportunity to obtain considerable foreign technological and management expertise without the financial risk associated with debt financing. Still, after two years, the program has failed to attract many investors, primarily because of Beijing's slowness in developing a legal framework. To date, only 23 equity joint ventures with a total capital value of about \$200 million have been established within China. Many of these are with Hong Kong Chinese businessmen. Beijing is still formulating detailed regulations to supplement the original 1979 joint venture law which most investors considered to be too vague. Beijing expects to promulgate these new regulations by the end of 1981. China also plans to offer over 100 potential joint ventures for detailed negotiation with foreign investors at a 1982 conference to be co-sponsored by the United Nations. [REDACTED]

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China has established four special economic zones located in Fujian Province and near Hong Kong and Macao in Guangdong. Beijing offers foreign investors the opportunity to set up joint ventures or even wholly foreign-owned and foreign-managed enterprises within the zones at concessional land, labor, and tax rates. As in other parts of China, compensation trade has become an important form of commerce in the zones. Under compensation trade, foreign investors typically provide China with a combination of equipment, technology, or raw materials. In turn, the Chinese either return the finished product to the foreign partner after processing or compensate the supplier with either cash or barter goods. At present, insufficient infrastructure development has combined with problems in labor productivity to cause Beijing to take steps to stimulate investor interest in the zones. In July, a State Council-sponsored conference on the zones proposed the relaxation of visa and duty regulations as well as greater investor control over labor matters. Premier Zhao Ziyang underscored Beijing's commitment to solving the zone's problems by making a three-day inspection tour in August to two of the zones. [redacted]

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Although the new regulations governing equity joint ventures and the special economic zones probably will help clarify several legal questions, the success of both programs remains somewhat in doubt. Even with a more rational legal and commercial structure, Beijing must still overcome its inexperience and develop such intangibles as credibility and dependability in its relationships with foreign entrepreneurs before foreign investment programs will mushroom. [redacted]

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TABLE 1

China: Exports and Imports

Million US \$

	I	II	III	IV	YEAR
Exports f.o.b.					
1970.....	505.0	483.0	472.9	698.7	2,159.8
1971.....	560.7	548.9	576.6	849.4	2,535.6
1972.....	732.5	762.1	792.5	952.3	3,239.4
1973.....	937.7	1,184.3	1,395.4	1,594.2	5,111.4
1974.....	1,504.1	1,734.0	1,626.0	1,900.1	6,764.0
1975.....	1,556.3	1,704.6	1,744.3	2,126.2	7,131.3
1976.....	1,786.3	1,594.6	1,733.5	2,154.8	7,269.4
1977.....	1,920.7	1,864.6	1,945.1	2,442.0	8,172.5
1978.....	2,194.2	2,333.5	2,561.1	3,081.3	10,170.0
1979.....	2,748.8	3,153.0	3,506.9	4,363.9	13,772.6
1980.....	4,129.5	4,690.5	4,998.9	5,789.5	19,608.3
1981.....	5,305.7	5,810.9	5,954.1	.0	.0
Imports f.o.b.					
1970.....	494.7	591.2	496.9	463.5	2,046.3
1971.....	455.9	525.4	572.5	590.9	2,144.7
1972.....	567.3	602.1	557.8	869.1	2,595.8
1973.....	878.7	1,039.5	1,222.4	1,432.8	4,573.4
1974.....	1,530.0	1,686.2	1,856.7	1,657.5	6,730.2
1975.....	1,666.9	1,641.6	1,774.1	1,743.3	6,826.0
1976.....	1,852.2	1,625.0	1,158.5	929.5	5,565.2
1977.....	1,237.0	1,412.6	1,911.4	2,053.4	6,614.5
1978.....	1,921.4	2,408.8	2,529.5	3,491.0	10,350.6
1979.....	3,488.8	3,513.2	3,389.4	3,991.5	14,382.8
1980.....	4,107.4	4,220.3	4,953.7	6,090.3	19,367.5
1981.....	5,662.6	4,568.0	5,217.2	.0	.0
Imports c.i.f.					
1970.....	536.5	639.0	537.5	500.9	2,214.0
1971.....	491.9	567.9	617.2	637.3	2,314.3
1972.....	613.6	652.6	603.8	941.8	2,811.4
1973.....	953.8	1,129.1	1,328.2	1,554.4	4,965.6
1974.....	1,664.8	1,827.5	2,012.4	1,786.4	7,291.0
1975.....	1,800.5	1,781.2	1,919.4	1,894.0	7,395.3
1976.....	2,002.0	1,767.7	1,252.4	997.4	6,019.6
1977.....	1,328.1	1,524.4	2,062.9	2,220.6	7,136.1
1978.....	2,087.6	2,609.1	2,741.4	3,779.1	11,217.2
1979.....	3,785.6	3,819.5	3,690.1	4,321.9	15,617.0
1980.....	4,448.6	4,547.0	5,353.2	6,549.2	20,893.4
1981.....	6,095.9	4,908.3	5,605.9	.0	.0

TABLE 2

CHINA: EXPORTS, FOB, BY AREA AND COUNTRY a/

Million US \$

	1979			1980				1981		ANNUAL		
	II	III	IV	I	II	III	IV	I	II	1978	1979	1980
WORLD.....	3,153.0	3,506.9	4,363.9	4,129.5	4,690.5	4,998.9	5,789.5	5,305.7	5,810.9	10,170.0	13,772.6	19,608.3
NON-COMMUNIST COUNTRIES..	2,772.5	3,086.2	3,752.4	3,725.0	4,237.2	4,548.4	5,135.5	4,778.2	5,269.1	8,523.4	12,017.5	17,646.2
DEVELOPED COUNTRIES.....	1,297.5	1,499.3	1,696.7	1,769.9	2,032.4	2,133.3	2,328.0	2,218.9	2,441.5	3,776.1	5,642.6	8,263.6
EAST ASIA AND PACIFIC...	717.1	830.3	847.1	899.0	1,125.2	1,132.2	1,266.2	1,120.8	1,333.2	2,107.1	2,993.2	4,422.5
Australia.....	38.6	39.7	37.9	75.7	51.0	50.7	66.8	71.4	123.7	139.5	166.3	244.1
Japan.....	671.6	780.3	798.0	812.1	1,064.6	1,071.8	1,190.2	1,041.2	1,202.2	1,947.5	2,793.3	4,138.7
NORTH AMERICA.....	179.8	208.7	212.5	239.9	288.8	318.4	340.6	412.1	533.6	406.5	737.0	1,187.7
Canada.....	35.3	42.2	30.6	35.5	39.0	29.3	28.4	36.4	51.1	82.8	142.8	132.2
United States.....	144.5	166.5	181.8	204.4	249.8	289.1	312.3	375.7	482.5	323.6	594.2	1,055.5
WESTERN EUROPE.....	400.6	460.3	637.1	631.0	618.4	682.8	721.2	686.0	574.7	1,262.5	1,912.4	2,653.4
Belgium.....	13.5	15.0	26.0	32.5	43.9	40.5	48.2	40.7	25.1	39.1	67.0	165.1
France.....	60.4	69.0	94.3	94.2	107.4	100.7	104.2	129.0	90.8	196.3	284.3	406.4
West Germany.....	102.3	115.7	153.7	168.6	159.3	190.2	184.5	192.9	144.4	318.7	464.2	702.6
Italy.....	69.0	79.3	137.6	95.6	84.1	92.3	107.9	92.6	84.7	174.1	344.3	379.8
Netherlands.....	32.8	34.3	42.0	43.2	47.2	67.8	78.9	57.4	51.5	109.1	136.0	237.1
Spain.....	22.6	30.8	34.7	26.3	25.6	22.5	28.1	20.5	23.0	59.4	115.3	102.5
Sweden.....	14.8	17.0	20.9	24.9	21.0	25.7	21.5	23.8	17.3	48.4	68.4	93.0
Switzerland.....	10.0	11.7	14.9	15.1	15.4	17.7	18.6	15.6	15.9	43.5	47.5	66.8
United Kingdom.....	49.7	57.6	70.3	84.8	66.7	78.3	86.7	69.9	76.4	185.7	255.0	316.5
LESS DEVELOPED COUNTRIES.	1,475.0	1,586.9	2,055.8	1,955.1	2,204.8	2,415.0	2,807.5	2,559.3	2,827.6	4,747.3	6,374.9	9,382.5
SOUTHEAST ASIA.....	981.9	1,079.8	1,362.2	1,281.7	1,491.4	1,627.3	1,875.1	1,678.0	1,869.7	3,197.3	4,271.2	6,275.6
Hong Kong.....	693.3	770.5	960.0	895.1	1,054.9	1,141.9	1,308.9	1,148.0	1,313.1	2,249.4	3,020.8	4,400.8
Indonesia.....	33.3	37.3	34.3	39.2	36.6	48.1	63.9	58.6	64.0	116.2	125.3	187.8
Malaysia.....	43.8	46.3	72.6	60.8	51.3	65.4	63.9	61.6	67.3	210.6	212.0	241.4
Philippines.....	27.2	18.1	52.8	27.9	39.5	74.2	68.9	60.5	75.0	112.2	121.1	210.5
Singapore.....	98.1	101.9	106.1	140.7	131.1	147.7	179.2	174.9	159.6	325.8	391.6	598.8
Thailand.....	44.7	63.2	81.4	66.6	119.0	85.6	125.6	115.1	125.8	79.9	230.4	396.8
SOUTH ASIA.....	77.3	52.9	76.9	73.3	80.6	94.3	93.4	100.9	103.7	158.2	262.8	341.7
Bangladesh.....	20.9	14.9	17.2	17.6	17.8	23.4	38.0	34.9	38.1	42.4	65.1	96.8
Pakistan.....	31.8	25.9	40.0	33.4	41.5	47.6	37.3	42.1	45.0	79.4	117.4	159.8
Sri Lanka.....	20.9	7.9	14.3	14.7	12.7	14.1	7.4	14.2	10.0	27.6	63.6	48.8
MIDDLE EAST.....	169.8	200.9	246.0	237.8	256.8	274.9	314.4	288.2	315.3	564.9	762.3	1,083.9
Iraq.....	19.0	21.2	26.5	25.6	29.0	31.0	35.5	32.6	35.6	59.9	83.3	121.3
Kuwait.....	27.2	31.9	43.1	41.9	47.5	50.7	58.0	53.1	58.1	91.5	125.3	198.0
Saudi Arabia.....	28.3	38.9	42.7	44.1	52.1	55.5	63.6	58.3	63.7	90.3	127.9	215.3
Syria.....	14.0	5.9	17.3	12.0	8.5	9.1	10.4	9.5	10.4	47.4	47.2	40.0
United Arab Emirates	22.2	25.0	33.5	30.9	29.1	31.1	35.6	32.7	35.6	73.8	105.7	126.8

TABLE 2

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CHINA: EXPORTS, FOB, BY AREA AND COUNTRY ^{a/}

Million US \$

	1979			1980				1981		ANNUAL		
	II	III	IV	I	II	III	IV	I	II	1978	1979	1980
NORTH AFRICA.....	41.7	39.0	53.3	58.6	66.6	71.1	81.3	84.2	92.0	167.4	173.8	277.5
Egypt.....	6.8	7.6	9.5	13.8	15.7	16.7	19.1	17.5	19.1	52.0	29.9	65.2
Libya.....	16.1	18.0	22.3	21.7	24.6	26.3	30.1	27.6	30.1	50.7	70.5	102.6
SUB-SAHARA AFRICA.....	144.1	155.9	190.1	189.4	208.6	222.1	256.2	234.2	256.0	533.4	618.8	876.6
Nigeria.....	59.4	66.2	82.5	80.0	90.7	96.7	110.7	101.5	111.0	186.8	259.9	378.3
Sudan.....	10.1	11.3	14.1	13.7	15.5	16.5	18.9	17.4	19.0	46.6	44.4	64.7
Tanzania.....	7.9	8.8	10.9	10.6	12.0	12.8	14.6	13.4	14.7	35.4	34.4	50.0
Zambia.....	1.9	.0	.0	.0	.0	.0	.0	.0	.0	7.7	2.3	.1
LATIN AMERICA.....	60.1	58.4	127.3	114.3	100.7	125.3	187.1	173.8	191.0	126.0	285.1	527.2
Argentina.....	2.1	2.5	4.9	5.2	7.7	9.2	10.5	9.7	10.6	2.4	10.6	32.7
Brazil.....	13.3	7.2	61.3	54.9	29.1	52.6	102.7	94.2	103.0	4.3	85.9	239.4
Chile.....	6.5	5.5	7.5	5.6	9.3	6.6	7.4	6.8	7.4	10.7	23.9	29.0
Mexico.....	9.0	10.1	12.5	13.4	15.2	16.2	18.5	16.9	18.5	26.8	39.5	63.1
Peru.....	3.2	3.6	4.4	4.3	4.9	5.2	6.0	5.5	6.0	10.0	14.0	20.3
COMMUNIST COUNTRIES.....	380.5	420.7	611.5	404.6	453.3	450.5	654.0	527.5	541.8	1,646.6	1,755.1	1,962.1
USSR.....	35.9	40.4	121.4	49.1	47.6	41.7	91.5	35.7	26.3	257.3	240.7	229.9
EASTERN EUROPE.....	246.1	276.2	360.5	271.6	310.4	307.1	446.3	385.3	399.0	981.8	1,076.6	1,335.3
Czechoslovakia.....	31.2	34.9	43.5	42.2	47.8	51.0	58.4	53.5	58.5	136.0	136.9	199.4
East Germany.....	43.4	48.4	60.3	58.6	66.4	70.8	81.0	74.3	81.2	138.0	190.0	276.7
Hungary.....	11.7	14.0	21.2	12.4	11.2	14.7	20.8	10.2	11.2	65.8	53.2	59.2
Poland.....	19.3	24.6	46.5	27.2	37.0	20.2	45.0	27.6	8.0	91.3	104.8	129.3
Romania.....	119.6	133.6	166.3	109.0	123.9	132.2	220.0	201.7	220.5	415.3	524.0	585.0
Yugoslavia.....	12.0	10.7	10.3	14.4	15.3	8.9	10.3	8.1	8.8	70.2	48.0	49.0
OTHER ^{b/}	98.5	104.1	129.6	83.9	95.3	101.7	116.2	106.5	116.5	407.5	418.4	396.9
PERCENT OF ESTIMATE OBTAINED FROM TRADE PARTNER DATA: ^{c/}												
WORLD.....	93.87	93.73	93.68	87.98	87.73	86.09	85.99	71.43	65.14	98.79	93.82	85.85
DEVELOPED COUNTRIES.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	98.66	95.22	100.00	100.00	100.00
LESS DEVELOPED COUNTRIES.....	87.03	86.28	86.71	79.90	79.21	76.37	76.20	59.47	50.44	97.54	85.78	77.72
COMMUNIST COUNTRIES.....	99.50	99.49	99.56	74.43	74.15	72.26	78.13	14.96	6.34	99.63	99.51	75.10

^{a/} Country listings for any given area are not exhaustive; only major trade partners are presented. Country data for all quarters to the right of an asterisk are extrapolated and are subject to change. See appendix A, China: International Trade Quarterly Review, First Quarter 1979 for further details.

^{b/} Kampuchea, Cuba, Mongolian Republic, Laos, North Korea, and Vietnam.

^{c/} Includes quarterly data that have been interpolated from annual trade partner data.

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TABLE 3

CHINA: IMPORTS, FOB. BY AREA AND COUNTRY a/

Million US \$

	1979			1980				1981		ANNUAL		
	II	III	IV	I	II	III	IV	I	II	1978	1979	1980
WORLD.....	3,513.2	3,389.4	3,991.5	4,107.4	4,220.3	4,953.7	6,090.3	5,662.6	4,568.0	10,350.6	14,382.8	19,367.5
NON-COMMUNIST COUNTRIES...	3,085.0	2,942.1	3,382.3	3,674.0	3,802.6	4,478.2	5,454.7	5,174.4	4,198.9	8,782.2	12,440.2	17,405.4
DEVELOPED COUNTRIES.....	2,573.6	2,387.1	2,750.6	2,785.5	2,983.8	3,536.7	4,203.0	3,834.0	3,135.9	7,267.7	10,168.0	13,508.9
EAST ASIA AND PACIFIC...	1,219.7	958.6	1,205.5	1,132.0	1,458.0	1,475.1	2,000.5	1,690.7	1,597.2	3,622.5	4,539.1	6,065.6
Australia.....	166.1	191.6	287.4	226.7	236.0	234.2	99.2	207.6	232.6	483.5	776.1	796.1
Japan.....	1,035.6	755.6	881.6	859.9	1,199.2	1,212.8	1,836.7	1,430.8	1,345.4	3,073.9	3,673.5	5,108.6
NORTH AMERICA.....	454.2	517.9	735.1	896.5	966.4	1,289.8	1,344.3	1,385.5	886.7	1,306.7	2,230.5	4,497.0
Canada.....	139.8	141.3	97.6	121.7	252.2	203.8	164.3	201.9	207.8	442.1	596.7	742.0
United States.....	314.4	376.6	637.5	774.8	714.2	1,086.0	1,180.0	1,183.6	678.9	864.6	1,723.8	3,755.0
WESTERN EUROPE.....	899.8	910.6	810.0	757.0	559.3	771.8	858.2	757.8	652.0	2,338.5	3,398.4	2,946.3
Belgium.....	44.9	13.2	17.4	16.3	28.0	26.4	33.6	20.5	38.2	205.4	123.4	104.3
France.....	72.4	85.1	84.0	54.2	66.5	83.7	98.6	70.8	86.8	199.2	333.2	303.0
West Germany.....	389.2	410.1	371.2	420.8	185.5	272.8	266.3	278.9	264.7	995.2	1,492.5	1,145.4
Italy.....	87.7	63.6	61.8	38.7	52.0	76.9	86.8	116.1	57.9	188.4	278.3	254.4
Netherlands.....	37.3	26.8	36.1	20.2	25.5	47.1	54.3	32.3	18.6	135.0	159.4	147.1
Spain.....	42.1	30.2	21.4	5.6	10.5	10.4	37.0	17.3	9.2	66.3	127.8	63.5
Sweden.....	27.7	26.6	31.6	22.1	6.8	33.9	19.9	27.2	15.4	83.4	113.5	82.7
Switzerland.....	23.4	27.5	43.2	32.6	27.6	30.2	48.9	25.9	31.3	94.6	118.9	139.3
United Kingdom.....	131.5	177.6	90.0	118.8	93.5	90.7	90.9	119.7	96.6	175.6	453.0	333.9
LESS DEVELOPED COUNTRIES.....	511.4	555.0	631.8	888.6	818.8	941.5	1,251.7	1,340.4	1,063.0	1,514.5	2,272.1	3,856.5
SOUTHEAST ASIA.....	173.9	241.6	302.7	389.1	430.8	499.8	636.2	611.2	606.2	387.1	882.7	1,956.0
Hong Kong.....	77.5	94.6	165.9	195.1	278.8	323.1	452.2	470.8	481.2	62.9	392.2	1,249.3
Indonesia.....	.0	.0	.0	.0	.1	.0	.0	.0	.0	.0	.0	.1
Malaysia.....	19.4	57.2	44.3	39.2	59.8	63.5	54.4	30.2	24.4	110.3	181.9	217.0
Philippines.....	15.6	20.5	10.2	9.8	7.1	16.3	11.5	40.1	37.8	47.4	51.2	44.8
Singapore.....	45.8	36.8	54.1	93.8	58.4	61.8	93.4	47.1	44.4	57.9	169.8	307.5
Thailand.....	12.9	16.2	26.9	48.6	25.6	25.6	23.8	22.2	17.9	75.8	77.0	123.7
SOUTH ASIA.....	16.4	43.8	37.3	121.8	64.9	51.2	129.7	275.7	90.5	132.3	123.2	367.6
Bangladesh.....	3.6	3.2	5.0	6.9	8.4	7.0	8.8	6.6	5.3	24.4	19.4	31.1
Pakistan.....	3.3	7.8	10.6	94.5	32.7	9.0	85.0	226.9	57.4	30.7	25.0	221.3
Sri Lanka.....	3.7	27.2	15.1	6.5	9.6	18.6	15.5	23.2	12.4	61.2	55.0	50.3
MIDDLE EAST.....	34.0	32.7	57.7	67.9	63.7	78.6	92.6	85.7	69.8	155.8	190.6	302.6
Iraq.....	10.6	10.3	12.1	12.8	13.1	15.3	18.9	17.6	14.2	30.3	43.5	60.1
Kuwait.....	.1	2.9	17.9	18.9	19.4	22.8	28.0	26.0	21.0	22.8	27.0	89.1
Saudi Arabia.....	1.6	.0	.2	.0	2.7	3.2	3.9	3.6	2.9	.0	1.8	9.7
Syria.....	.6	.0	4.0	13.2	3.7	4.3	5.3	4.9	4.0	33.2	30.4	26.5
United Arab Emirates.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

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TABLE 3

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CHINA: IMPORTS, FOB, BY AREA AND COUNTRY a/

Million US \$

	1979			1980				1981		ANNUAL		
	II	III	IV	I	II	III	IV	I	II	1978	1979	1980
NORTH AFRICA.....	20.4	14.7	18.0	29.8	32.3	37.7	46.4	46.1	37.2	107.3	75.0	146.1
Egypt.....	7.6	7.3	8.7	15.9	16.4	19.1	23.5	21.9	17.7	64.8	31.2	75.0
Libya.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
SUB-SAHARA AFRICA.....	61.2	55.0	64.7	70.6	70.0	84.0	104.4	96.1	77.5	172.9	235.2	325.0
Nigeria.....	2.6	2.5	2.9	3.1	3.2	3.7	4.6	4.3	3.4	7.3	10.6	14.6
Sudan.....	22.4	21.6	25.6	27.1	27.8	32.5	40.0	37.2	30.0	40.0	91.9	127.4
Tanzania.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	13.1	.1	.1
Zambia.....	11.4	10.8	12.8	13.5	13.9	16.3	20.0	18.6	15.0	25.4	43.5	63.6
LATIN AMERICA.....	205.5	167.2	151.5	209.5	157.1	190.2	242.3	225.5	181.8	559.1	765.4	799.2
Argentina.....	47.7	15.7	17.0	85.3	32.7	19.0	52.0	48.4	39.0	61.6	193.0	189.1
Brazil.....	28.9	43.3	21.3	22.5	23.1	27.1	33.3	31.0	25.0	129.2	118.3	106.1
Chile.....	28.8	24.8	31.3	18.3	15.6	44.0	33.8	31.5	25.4	29.7	96.6	111.8
Mexico.....	27.9	26.8	31.8	19.8	20.4	23.8	29.3	27.3	22.0	124.1	114.3	93.4
Peru.....	12.7	12.3	14.4	15.3	15.7	18.3	22.6	21.0	16.9	35.9	52.0	71.8
COMMUNIST COUNTRIES.....	428.2	447.2	609.1	433.4	417.7	475.5	635.6	488.2	369.1	1,568.4	1,942.7	1,262.1
USSR.....	25.2	44.2	129.1	77.0	44.6	60.3	111.6	42.5	12.4	242.2	268.1	293.5
EASTERN EUROPE.....	296.8	300.9	358.9	275.0	289.4	317.4	403.6	333.7	266.4	968.1	1,239.4	1,285.3
Czechoslovakia.....	35.8	34.4	40.9	43.2	44.4	52.0	63.9	59.5	48.0	126.2	146.8	203.5
East Germany.....	46.4	44.6	52.9	56.0	57.5	67.3	82.8	77.0	62.1	182.0	190.0	263.5
Hungary.....	12.9	19.2	31.9	9.8	11.7	9.5	23.6	8.3	6.7	57.5	67.9	54.7
Poland.....	30.3	38.7	44.4	35.4	23.0	24.6	25.5	11.9	6.9	98.0	148.1	108.7
Romania.....	141.4	136.0	161.4	106.8	109.9	128.3	170.0	158.1	127.6	374.4	579.7	515.0
Yugoslavia.....	13.8	12.5	9.0	16.1	34.9	26.5	26.4	8.3	6.7	34.7	41.0	103.9
OTHER <u>b/</u>	106.2	102.1	121.1	81.4	83.7	97.8	120.4	112.0	90.3	358.1	435.1	383.3
PERCENT OF ESTIMATE OBTAINED FROM TRADE PARTNER DATA: <u>c/</u>												
WORLD.....	97.05	97.04	97.05	92.62	92.55	92.35	91.87	83.13	78.42	99.07	97.05	92.32
DEVELOPED COUNTRIES.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	98.82	96.20	100.00	100.00	100.00
LESS DEVELOPED COUNTRIES.....	79.94	82.11	81.53	77.19	74.19	72.60	72.29	63.46	51.38	93.81	81.50	73.95
COMMUNIST COUNTRIES.....	99.77	99.78	99.82	76.82	75.32	74.60	76.63	13.99	5.22	99.81	99.79	75.91

a/ Country listings for any given area are not exhaustive; only major trade partners are presented. Country data for all quarters to the right of an asterisk are extrapolated and are subject to change. See appendix A, China: International Trade Quarterly Review, First Quarter 1979 for further details.

b/ Kampuchea, Cuba, Mongolian Republic, Laos, North Korea, and Vietnam.

c/ Includes quarterly data that have been interpolated from annual trade partner data.

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TABLE 4

CHINA: TRADE BALANCES, FOB, BY AREA AND COUNTRY a/

Million US \$

	1979			1980				1981		ANNUAL		
	II	III	IV	I	II	III	IV	I	II	1978	1979	1980
WORLD.....	-360.2	117.5	372.5	22.1	470.2	45.2	-300.7	-356.9	1,243.0	-180.6	-610.2	240.8
NON-COMMUNIST COUNTRIES..	-312.6	144.1	370.1	50.9	434.6	70.1	-319.2	-396.2	1,070.2	-258.8	-422.6	240.7
DEVELOPED COUNTRIES.....	-1276.2	-887.8	-1053.9	-1,015.6	-951.4	-1403.4	-1875.0	-1,615.2	-694.4	-3,491.6	-4,525.4	-5,245.3
EAST ASIA AND PACIFIC...	-502.6	-128.3	-358.4	-233.0	-332.9	-342.9	-734.3	-570.0	-264.0	-1,515.3	-1,545.9	-1,643.1
Australia.....	-127.4	-152.0	-249.6	-151.0	-185.0	-183.5	-32.4	-136.2	-108.9	-344.0	-609.8	-552.0
Japan.....	-364.0	24.7	-83.6	-47.8	-134.6	-141.0	-646.5	-389.6	-143.2	-1,126.4	-880.2	-959.9
NORTH AMERICA.....	-274.4	-309.2	-522.6	-656.6	-677.6	-971.4	-1003.7	-973.4	-353.1	-900.2	-1,493.5	-3,309.3
Canada.....	-104.5	-99.1	-67.0	-86.2	-213.2	-174.5	-135.9	-165.5	-156.7	-359.3	-363.9	-609.8
United States.....	-169.9	-210.1	-455.7	-570.4	-464.4	-796.9	-867.7	-807.9	-196.4	-541.0	-1,129.6	-2,699.5
WESTERN EUROPE.....	-499.2	-450.3	-172.9	-126.0	59.1	-89.0	-137.0	-71.8	-77.3	-1,076.0	-1,486.1	-293.0
Belgium.....	-31.4	1.8	8.6	16.2	15.9	14.1	14.6	20.2	-13.1	-166.3	-62.4	50.8
France.....	-12.0	-16.1	10.3	40.0	40.9	17.0	5.6	58.2	4.0	-2.9	-54.9	103.4
West Germany.....	-286.9	-294.4	-217.5	-252.2	-26.2	-82.6	-81.8	-86.0	-120.3	-676.5	-1,028.3	-442.8
Italy.....	-18.7	15.7	75.8	56.9	32.1	15.4	21.1	-23.5	26.8	-14.3	66.0	125.4
Netherlands.....	-4.5	7.5	5.9	23.0	21.7	20.7	24.6	25.1	32.9	-25.9	-23.4	90.0
Spain.....	-19.5	.6	13.4	20.7	15.1	12.1	-8.9	3.3	13.8	-6.9	-12.4	39.0
Sweden.....	-12.9	-9.6	-10.7	2.8	14.2	-8.2	1.6	-3.4	1.9	-35.0	-45.1	10.3
Switzerland.....	-13.4	-15.8	-28.3	-17.5	-12.2	-12.5	-30.3	-10.3	-15.4	-51.1	-71.4	-72.5
United Kingdom.....	-81.8	-120.0	-19.7	-34.0	-26.8	-12.4	-4.2	-49.8	-20.2	10.1	-198.0	-77.4
LESS DEVELOPED COUNTRIES..	963.6	1,031.9	1,424.0	1,066.5	1,386.0	1,473.5	1,555.8	1,219.0	1,764.6	3,232.8	4,102.8	5,486.1
SOUTHEAST ASIA.....	808.0	838.2	1,059.5	892.6	1,060.6	1,127.5	1,238.9	1,066.8	1,263.5	2,810.3	3,388.5	4,319.6
Hong Kong.....	615.8	675.9	794.1	700.0	776.2	818.8	856.7	677.2	832.0	2,186.5	2,638.6	3,151.6
Indonesia.....	33.3	37.3	34.3	39.2	36.5	48.1	63.9	58.6	64.0	116.2	125.3	187.7
Malaysia.....	24.4	-10.9	28.3	21.6	-8.5	1.9	9.5	31.3	42.9	100.2	30.1	24.4
Philippines.....	11.6	-2.4	42.6	18.1	32.3	58.0	57.3	20.4	37.2	64.8	70.0	165.8
Singapore.....	52.3	65.1	52.0	46.8	72.7	85.9	85.8	127.8	115.2	267.9	221.8	291.3
Thailand.....	31.8	47.0	54.5	18.0	93.3	60.0	101.7	93.0	108.0	3.1	153.4	273.1
SOUTH ASIA.....	60.9	9.2	39.6	-48.4	15.7	43.1	-36.4	-174.8	13.2	25.9	139.5	-26.0
Bangladesh.....	17.2	11.8	12.2	10.8	9.4	16.3	29.2	28.3	32.8	18.0	45.7	65.8
Pakistan.....	28.5	18.1	29.4	-61.1	8.8	38.6	-47.7	-184.8	-12.5	48.7	92.4	-61.4
Sri Lanka.....	17.2	-19.3	-8	8.1	3.0	-4.5	-8.1	-9.0	-2.4	-33.6	8.5	-11.5
MIDDLE EAST.....	135.8	168.1	188.3	170.0	193.1	196.3	221.8	202.5	245.5	403.2	571.7	781.3
Iraq.....	8.4	10.9	14.4	12.8	15.9	15.7	16.6	15.0	21.4	23.6	39.8	61.2
Kuwait.....	27.1	29.0	25.2	23.0	28.1	27.9	30.0	27.1	37.1	68.7	98.3	108.9
Saudi Arabia.....	26.7	38.9	42.5	44.1	49.4	52.3	59.7	54.7	60.8	90.3	126.1	205.6
Syria.....	13.4	5.8	13.2	-1.2	4.8	4.8	5.1	4.6	6.4	14.2	16.8	17.5
United Arab Emirates	22.2	25.0	33.5	30.9	29.1	31.1	35.6	32.7	35.6	73.8	105.7	126.8

TABLE 4

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CHINA: TRADE BALANCES, FOB, BY AREA AND COUNTRY ^{a/}

Million U.S. \$

	1979			1980				1981		1978		
	II	III	IV	I	II	III	IV	I	II	1978	1979	1980
NORTH AFRICA.....	21.3	24.2	35.3	28.8	34.4	33.4	35.0	38.1	54.8	60.2	98.9	131.5
Egypt.....	-1.8	.3	.8	-2.1	-.7	-2.4	-4.5	-4.4	1.5	-12.8	-1.3	-7.8
Libya.....	16.1	18.0	22.3	21.7	24.6	26.3	30.1	27.6	30.1	50.7	70.5	102.6
SUB-SAHARA AFRICA.....	82.9	100.9	125.4	118.8	138.6	138.1	151.8	138.0	178.5	360.5	383.6	551.7
Nigeria.....	56.8	63.7	79.6	76.9	87.5	93.0	106.1	97.2	107.6	179.5	249.3	301.7
Sudan.....	-12.3	-10.2	-11.5	-13.4	-12.3	-16.0	-21.1	-19.9	-11.0	6.6	-47.5	-62.8
Tanzania.....	7.8	8.7	10.9	10.6	12.0	12.8	14.6	13.4	14.7	22.2	34.3	49.9
Zambia.....	-9.6	-10.8	-12.8	-13.5	-13.9	-16.2	-20.0	-18.6	-15.0	-17.6	41.2	63.5
LATIN AMERICA.....	-145.3	-108.8	-24.2	-95.2	-56.4	-64.9	-55.3	-51.6	9.1	-433.1	-479.3	-271.9
Argentina.....	-45.6	-13.2	-12.0	-80.1	-25.0	-9.8	-41.5	-38.7	-28.5	-59.2	-182.4	-156.4
Brazil.....	-15.7	-36.1	40.0	32.4	6.0	25.5	69.4	63.2	78.0	-124.9	-32.4	131.3
Chile.....	-22.4	-19.3	-23.9	-12.7	-6.3	-37.4	-26.4	-24.7	-18.0	-19.0	-12.7	-82.8
Mexico.....	-18.9	-16.7	-19.3	-6.4	-5.2	-7.6	-10.8	-10.4	-3.5	-97.3	-74.8	-39.3
Peru.....	-9.5	-8.7	-10.0	-11.0	-10.8	-13.1	-16.6	-15.5	-11.0	-25.9	-38.0	-51.5
COMMUNIST COUNTRIES.....	-47.7	-26.5	2.4	-28.8	35.6	-24.9	18.4	39.3	172.7	78.2	-187.6	.0
USSR.....	10.7	-3.8	-7.7	-27.9	3.0	-18.6	-20.1	-6.8	13.9	15.1	-27.4	-63.6
EASTERN EUROPE.....	-50.7	-24.7	1.6	-3.5	21.0	-10.3	42.7	51.6	132.6	13.7	-143.4	50.0
Czechoslovakia.....	-4.6	.5	2.6	-1.0	3.4	-1.0	-5.5	-5.9	10.6	9.8	-9.8	-4.1
East Germany.....	-3.0	3.8	7.4	2.6	8.9	3.5	-1.8	-2.7	19.1	-44.0	.0	19.2
Hungary.....	-1.2	-5.2	-10.7	2.6	-.5	5.2	-2.8	1.9	4.5	8.3	-14.7	4.5
Poland.....	-11.0	-14.1	2.1	-8.3	13.9	-4.5	19.4	15.7	1.2	-6.7	-43.3	20.6
Romania.....	-21.9	-2.4	4.9	2.2	13.9	3.9	50.0	43.6	92.9	40.9	-55.7	70.0
Yugoslavia.....	-1.8	-1.7	1.3	-1.7	-19.5	-17.6	-16.1	-.2	2.1	35.5	7.1	-54.9
OTHER ^{b/}	-7.7	2.0	8.5	2.5	11.5	3.9	-4.2	-5.6	26.2	49.4	-16.7	13.7

^{a/} Country listings for any given area are not exhaustive; only major trade partners are presented. Country data for all quarters to the right of an asterisk are extrapolated and are subject to change. See appendix A, China: International Trade Quarterly Review, First Quarter 1979 for further details.

^{b/} Kampuchea, Cuba, Mongolian Republic, Laos, North Korea, and Vietnam.

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Table 5
China: Balance of Payments 1/
(Billion US\$)

	<u>1978</u>	<u>1979</u>	<u>1980</u>
Current Account	0.9	0.2	1.2
Merchandise Trade	-0.2	-0.6	0.2
Exports (fob)	10.2	13.8	19.6
Imports (fob)	-10.4	-14.4	-19.4
Services and Transfers	1.1	0.8	1.0
Tourism	0.3	0.4	0.6
Freight	0.2	0.2	0.4
Unrequited Transfers	0.3	0.5	0.4
Technology	negl.	-0.3	-0.3
Interest	0.1	-0.1	negl.
Earnings from Hong Kong	0.1	0.2	0.2
Other invisibles	0.1	-0.1	-0.3
Capital Account	-1.1	0.3	0.8
Medium and Long Term	-0.9	-0.6	0.4
Whole Plant	-0.1	-0.2	0.2
Government Credits	-0.8	-0.5	-0.2
International Organizations	0	0	0.3
Foreign Investment	0	negl.	0.1
Grain	negl.	0.1	0.1
Short Term	-0.3	0.9	0.4
Down-payments for Whole Plants	-0.4	-0.2	0.3
Commercial	0.4	1.2	0.1
Settlement Accounts	-0.4	-0.2	-0.1
Changes in Reserves <u>2/</u>	-0.1	-0.2	0.1
Errors and Omissions	0.3	-0.2	-2.1

1/ Tables may not add due to rounding.

2/ Negative sign indicates an increase in foreign exchange reserves.

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Central Intelligence Agency
National Foreign Assessment Center
28 October 1981

MEMORANDUM

China's Political and Economic Leadership

In classic Leninist fashion, the Chinese Communist Party makes fundamental policy decisions and oversees their implementation, whereas the government is charged with carrying them out. All authority rests ultimately with the party, and in practice senior government officials usually hold ranking positions in the party as well. [redacted]

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The ultimate decisionmaking authority rests in the Politburo--a body of 24 who meet periodically to discuss issues of major importance--and within that body, in the Standing Committee, composed of Party Chairman Hu Yaobang and the six vice chairmen. Since February 1980, the Politburo has been less active, however, and much of its authority has devolved to the party Secretariat. The Secretariat, staffed by younger and abler men--each of whom is responsible for a particular functional area--handles the day-to-day affairs of the Chinese Communist Party, making policy recommendations and launching major initiatives in problem areas. The Secretariat is formally chaired by Hu, but Xi Zhongxun may now be in charge of day-to-day matters. [redacted]

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Associated with the Politburo and the Secretariat are a number of research institutes under the Chinese Academies of Science (CAS) and Social Sciences (CASS). Although they are formally governmental rather than party organs, the CAS and CASS conduct basic research on important political and economic problems, draft position papers and speeches for senior party leaders, and oversee advanced training in the sciences and social

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sciences. For particularly sensitive issues, such as the party assessment of Mao's place in history or when special expertise is required, the CAS or CASS convene ad hoc committees. [redacted]

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The locus of authority in the government is the State Council, headed by Premier Zhao Ziyang and 11 vice-premiers; with three exceptions all are concurrently members of the Politburo or the Secretariat (see chart). State Council members collectively preside over 38 ministries as well as 62 offices, special agencies, and commissions that cut across ministerial lines. Each State Council member heads one or more of the agencies directly subordinate to the council. [redacted]

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China's senior leaders are united in their rejection of the radicalism of the Cultural Revolution and in general favor social and institutional reform as well as the opening to the West. They differ, however, over the means of attaining these objectives. The majority put greater emphasis on the creation of a more open society, development of a vigorous if small free market, the judicious use of material incentives in the workplace, and a pragmatic approach to ideology. Hu, Zhao, de facto ruler Deng Xiaoping, and to a lesser extent Chen Yun, China's senior economic planner, support these views, whereas other more orthodox leaders, including Ye Jianying, Li Xiannian, and disgraced former party chairman Hua Guofeng, have reservations about a number of these policies. [redacted]

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These different approaches have been reflected in recent discussions of economic policy. Economic policymakers just below the senior level of the party have disagreed over the last two years on such subjects as the proper mix of investment between heavy and light industry, the merits of decentralizing foreign trade, the political and economic effects of greater reliance on market forces, and the role of whole plant imports and foreign loans in building China's economy. Principal figures in these debates include:

- Bo Yibo, Central Committee member, Vice Premier, and Minister in Charge of the State Machine Building Industry Commission, presides over the reform of China's extensive machine building industry and is the principal figure in Sino-US economic relations.
- Gu Mu, Secretariat member, Vice Premier, and Minister in Charge of the Foreign Investment Control Commission and the Import/Export Commission, is particularly active in setting foreign trade policy and is generally associated with the more orthodox policymakers.
- Yu Qiuli, Politburo and Secretariat member, Vice Premier, and Minister in Charge of the State Energy Commission, appears to favor a higher priority for heavy industrial development.

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- Yao Yilin is a Secretariat member, Vice Premier, Minister in Charge of the State Planning Commission, and a protege of Chen Yun. Yao favors raising the standard of living by increasing agricultural and light industrial production.
- Wan Li, Secretariat member, Vice Premier, and Minister in Charge of the State Agricultural Commission, also stresses raising living standards.

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Heads of other key ministries and economic commissions include:

- Wang Bingqian, Minister of Finance, a protege of Vice Premier Bo Yibo and career financial expert, who has served as Director of the Budget and Vice Minister.
- Zheng Tuobin, recently appointed Minister of Foreign Trade, a technocrat who supports current efforts to decentralize foreign trade.
- Han Guang, appointed Minister in Charge of the State Capital Construction Commission in March, a technocrat charged with bringing the PRC capital investment program under control.
- Yuan Baohua, Minister in Charge of the State Economic Commission and a proven economic manager, whose appointment in March reflects the leadership's determination to improve performance and managerial competence in key ministries.

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Central Intelligence Agency
National Foreign Assessment Center
28 October 1981

MEMORANDUM

China's Banking and Foreign Exchange System

Like most other economic institutions in China, the banking system is undergoing significant changes. The central government is trying to revive the system as a major instrument for coordinating and controlling economic activity. The need for overhaul results from damage incurred during the Cultural Revolution, when the banking system was relegated to a position of little more than cashier/accountant for the Ministry of Finance.

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In 1978 the People's Bank of China (PBOC)--China's central bank--resumed its position at the apex of a system that includes the Agricultural Bank and its credit cooperatives, the Bank of China (the foreign banking arm), and the Capital Construction Bank. The PBOC reports directly to the State Council, the highest executive organ of the Chinese Government. After the State Planning Commission establishes the annual economic plan, budgetary authorities and banking officials allocate and coordinate the flow of funds required to fulfill the plan. Although basic planning is done in terms of goods and services, Chinese banking leaders draw up a parallel plan in monetary terms to correspond as closely as possible to the planned flow of real goods and services.

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The Domestic Banking Structure

The Peoples Bank of China is the country's main operating bank, with more than 15,000 branch and subbranch offices and 330,000 staff and employees throughout the country. As China's central bank, it issues currency, sets the interest and foreign exchange rates, and formulates and implements nationwide credit and cash reserve plans. In addition, the Bank is the major source of short- and medium-term credit for state enterprises over and above the level anticipated in the enterprise financial

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plans. Most fixed and working capital requirements still are satisfied via budgetary grants channeled through the banking system, but increasingly funds are being loaned by the banks, at different rates of interest, based on creditworthiness. [REDACTED]

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The Agricultural Bank is the primary instrument for providing modern banking operations in China's huge rural sector and was formally reestablished in February 1979. Central government efforts to mobilize rural sources of savings and to make more credit available to the agricultural sector have fluctuated with changes in Beijing's priorities for developing agriculture. The Agricultural Bank was established in 1955, abolished in 1957, reopened again in 1963, and was abolished again some time in the late 1960s or early 1970s. During those periods when the Agricultural Bank was out of operation, rural banking was supervised by an agricultural department within the Peoples Bank. The Agricultural Bank now operates under the guidance of the Peoples Bank and is the main channel for state investment and credits to agriculture as well as for the collection of state revenue in the countryside. The Bank has 1,300 branches and offices in rural areas and employs 230,000 workers and staff. The Bank also manages China's 62,000 credit cooperatives, which employ an additional 260,000 full-time staff members and some 400,000 part-time workers. [REDACTED]

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The Capital Construction Bank is a specialized bank for managing state investment in capital construction. Unlike the Agricultural Bank, which is overseen by the Peoples Bank, the Construction Bank operates under the joint guidance of the State Capital Construction Commission and the Ministry of Finance. The Bank disburses budgetary grants for construction projects, provides credits, and maintains the accounts for units involved in geological survey, construction, and installation, and for enterprises that purvey construction materials. Recent discussions of the problems of waste and diversion of funds imply that the Construction Bank has inadequately monitored the uses of investment funds. This suggests that the Construction Bank also may be brought under the Peoples Bank. [REDACTED]

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The Enhanced Role of Banking in the Domestic Economy

During the past two years, the central government has made active use of the banking system to alleviate inflationary pressures and may soon employ the system as a major tool for encouraging more efficient use of both fixed and working capital. [REDACTED]

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China's banking system also regulates the quantity of cash available to the economy. The rise of urban and rural incomes since early 1979 and the continued inability of the economy to satisfy the demand for goods and services have become a major concern for the central authorities. The cash balances of individuals are controlled, not by regulation, but by social pressures and modest interest payments on savings deposits.

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Interest rates on the deposits of individuals have been raised twice, in April 1979 and again in April 1980. Although sources differ on the size and rates of growth of urban and rural deposits, the higher interest rates apparently are generating significant increases in deposits. Individual deposits appear to have risen by about 30 percent during 1979 to approximately 28 billion yuan, 20 billion of which represent urban savings.

Beijing has made similar efforts to tighten control over the funds of industrial and commercial enterprises. Since 1950, government units, public institutions, and state enterprises have been required to deposit their funds--beyond small cash holdings--with the Peoples Bank. In contrast, during the 1950s collectively owned units--mainly rural agricultural and industrial production units and rural communes--had no such requirements. Today, these units must deposit most of their funds with of the Peoples Bank or the rural credit cooperative. Cash is used only for payment of wages and pensions, state purchases of agricultural products, and payments between individuals. More than 90 percent of the cash released is for paying wages and purchasing farm production and rural handicrafts. Bank transfers rather than cash account for the vast majority of transactions in the economy.

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Recent moves by the central authorities to have the banks check more closely the cash balances of enterprises, improve loan collection, and ensure that funds are used for their intended purposes suggest a lax enforcement of regulations in recent years. Beijing has kept the interest rate paid on deposits by state and collective enterprises at 1.9 percent a year since 1972. To encourage reductions in cash balances, however, the government has instituted new penalties for nonpayment or misuse of loans. In March 1980 the state placed a 20-percent surcharge on the previous interest rate for overdue loans, a 30-percent surcharge on loans covering excess inventories, and a 50-percent surcharge on loans used to meet excess expenditures for capital construction projects. The three surcharges are aimed at remedying problems that have long impeded obstacles to more rapid and balanced industrial growth:

- the limited availability of credit caused by the apparently large quantities of funds tied up in loans in arrears.
- extremely high inventories of finished but, in many cases, unsalable products and larger-than-necessary stocks of raw materials and intermediate products held by industrial enterprises.
- chronic overruns in the costs of constructing new productive capacity.

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International Banking Activities

The Bank of China (BOC) is the specialized foreign exchange bank of the PRC. Although it was nominally given independent status directly under the State Council in February 1979, the BOC continues in fact to refer important business and administrative matters to the People's Bank. The Chairman of the Bank of China, Bu Ming, also is vice president of the PBOC. BOC has more than 70 domestic branches and subbranches as well as overseas branches in Hong Kong, Singapore, Luxembourg, and London. Overseas posts established within the past year include a representative office in Tokyo and a branch in New York. A Paris branch reportedly is in the offing. The BOC also recently began to consolidate the so-called "sister banks"--13 essentially state-owned banks in Hong Kong and Macau that are legally classified as private companies--into what will be one of the largest banking groups in Hong Kong. [redacted]

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Although all elements within China's banking system have undergone major overhauls, the changes adopted by the BOC perhaps best illustrate how far Beijing is willing to go to promote economic modernization. Before 1978 the Bank took a strictly passive role in the international market. Activities of overseas branches were limited to accepting remittances, financing trade, and on rare occasions arranging credit. Now BOC managers are encouraged to engage in any profitable banking practice. Since 1978 the Bank has helped manage loan syndications and real estate purchases and has arranged well over \$30 billion in credits. In addition, it has cooperated with US and Japanese bankers to set up merchant banks in Hong Kong and is well along the way to floating bonds in both Japan and Hong Kong. There are even rumors that the BOC will soon invest in Western stock markets.

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Domestic responsibilities also have been broadened. Bank of China branches nationwide are being encouraged to lend to enterprises with export-earning potential. Loans can either be in foreign exchange or local currency. Light industry has been singled out for special emphasis because of its labor-intensive nature and its ability to rapidly generate foreign exchange. In Guandong, Fujian, Shanghai, Tianjin and Beijing--areas having greatest economic autonomy--BOC branches have authority to provide loans of up to \$5 million without seeking higher-level approval. Branches in other provinces are also gaining authority albeit over small amounts of funds. After making loans, the banks are expected to follow the progress of the projects and assist in all aspects of management to ensure proper use of the funds. [redacted]

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The speed with which most of the changes were introduced has severely taxed the Bank's personnel and, in part at least, has been responsible for a less than favorable Western view of Chinese capabilities. Foreign bankers over the past two years have found their Chinese counterparts generally ignorant of

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standard Western banking practices. Although the Chinese are gradually acquiring experience, occasional problems reoccur. Early this year, the Bank drew criticism for its unsophisticated handling of a foreign exchange shortage. [REDACTED]

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[REDACTED] Until a recent Beijing decree forbidding enterprises from depositing the foreign exchange outside China, the Bank had difficulty attracting deposits. Under decentralization, enterprises that could retain a portion of their foreign exchange earnings were depositing the bulk of their funds in Hong Kong to take advantage of easier accessibility and higher interest rates. [REDACTED]

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The Changing Foreign Exchange System

The Bank of China also played a major role in revamping China's foreign exchange rate mechanism. Since December 1980 China has been using a two-tiered exchange rate system with both an official (external) rate and an internal rate. Foreigners--travelers as well as businessmen--continue to observe only one exchange rate, officially set at about 1.7 yuan per dollar, when purchasing or selling renminbi (RMB). ^{1/} Domestic enterprises, however, now face an internal exchange rate of 2.8 yuan per dollar--a de facto depreciation of 46 percent--when they buy or sell foreign exchange through the Bank of China. [REDACTED]

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Internally, the introduction of a two-tiered system is undoubtedly an attempt to make exporting profitable and importing more costly while at the same time avoiding the stigma usually associated with a currency devaluation. In the past, China's foreign trade corporations (FTCs), which handle the bulk of two-way trade, have generally shown book losses on exports and profits on imports. The losses came about because the FTCs were required to purchase goods on the domestic market at prices set by fiat rather than by production costs or market forces. The RMB prices that the FTCs paid for these goods, when converted into foreign currency at the official exchange rate, exceeded the prices that these goods commanded on the world market. On the import side, for analogous reasons, foreign goods generally commanded a higher RMB price in the home market than the FTCs spent in purchasing (at the official exchange rate) the foreign exchange necessary to acquire goods from abroad. [REDACTED]

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So long as most trade was handled by organs of the central government, the profitability question created no real problems. The volume and type of exports, to a large degree,

1. At present, the renminbi, like all Communist currencies, is not convertible on the world market. Foreigners may purchase only enough RMB to carry out specific trade or financial transactions. The official rate is reportedly tied to a basket of currencies and therefore fluctuates moderately over time.

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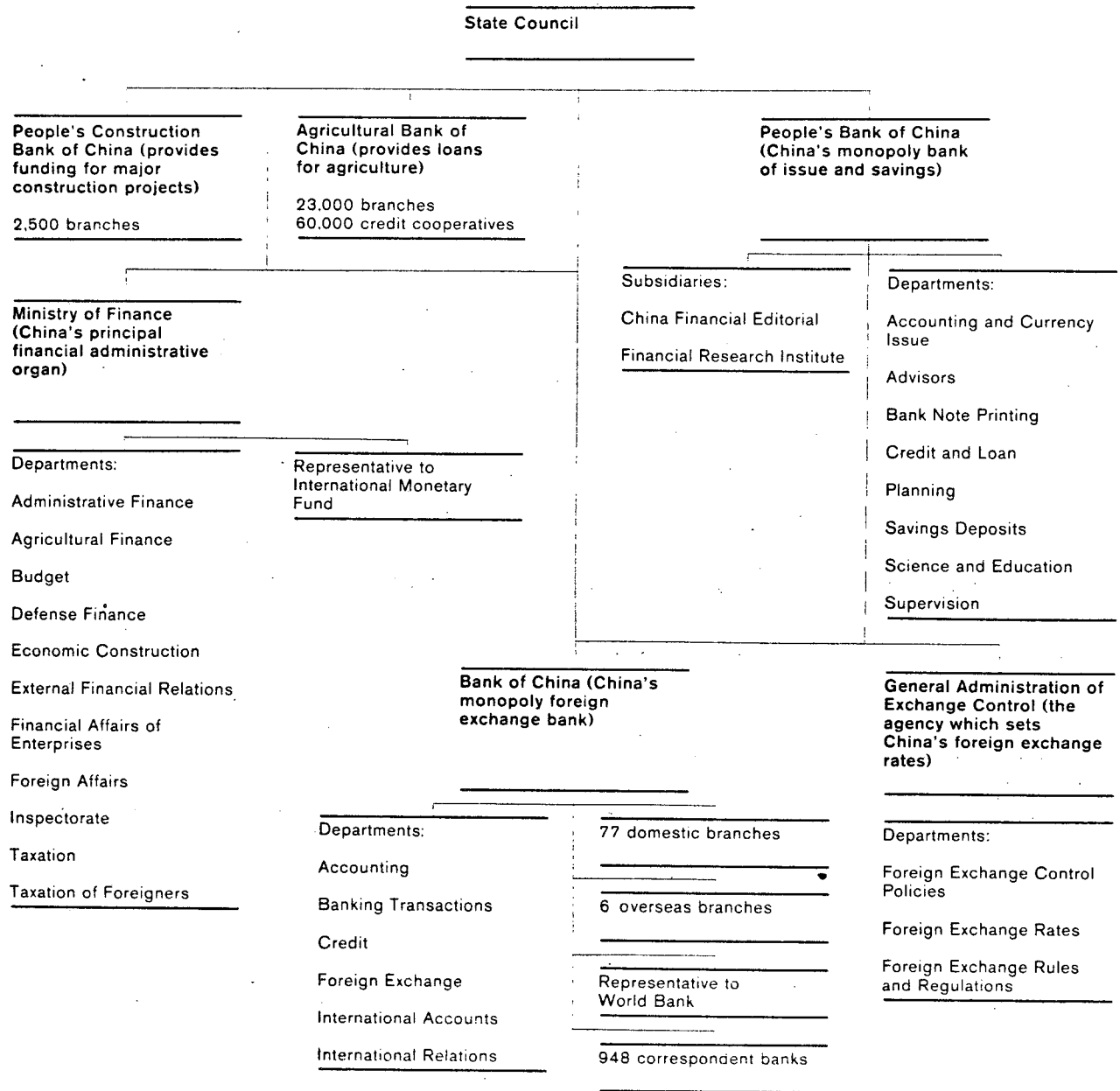
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were determined by State plans, which the FTCs were expected to carry out regardless of profitability. Losses sustained in exporting were offset either by FTC profits from importing or by government funds extended through the Bank of China. With Beijing now emphasizing profitability as a measure of efficiency, however, the standardization of the two-tier exchange rate system can be viewed as a means to forestall possible shifts out of exports and into imports by profit-seeking domestic traders.

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China's Banking System



Solid line: Direct connection
 Broken line: Indirect connection or guidance

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Central Intelligence Agency
National Foreign Assessment Center
28 October 1981

MEMORANDUM

Chinese Investment and Tax Laws

Following the chaos of the Cultural Revolution, Beijing in the late 1970s seriously sought to create a new judicial system having a distinct body of legal rules and the agencies to administer them. Beijing also has concentrated on rebuilding the courts and the formal criminal process. China's judicial hierarchy now consists of three types of courts: the Supreme People's Court in Beijing, a three-tiered system of local people's courts, and special courts. This structure, however, is new and untested, and Western businessmen are frequently confused and dissatisfied with the gaps and ambiguities within the Chinese legal arena. [redacted]

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China's Legal Framework

Beijing has recently established economic tribunals under the people's courts in some cities and major towns. These tribunals are of special interest to foreign investors and traders because they are responsible for handling cases involving speculation, profiteering and other (unspecified) economic crimes, for adjudicating economic conflicts between enterprises (including Chinese and foreign enterprises), and for promoting a stable atmosphere for China's economic growth. The precise scope of their jurisdiction, however, is unclear. [redacted]

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Chinese Perceptions of the Role of Law in Society

Culture has helped shape the nature of legal institutions and government policies in China. China's present legal institutions not only reflect strong continuities with traditional Chinese views about law but also show the influence of Soviet legal theory. A clear, functional separation between the legal system and the government bureaucracy does not exist.

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Law continues to be a vehicle for the expression of official philosophy guarded by an elite, which in theory governs by virtue of noble example and deep wisdom. Encounters with the legal system still provoke fear and suspicion among a populace, which regards any such experience as a serious breakdown in the social order. Local loyalties and personal networks continue to play a strong role in identifying and punishing violators of the social order. Chinese society never developed a concept of individual rights guaranteed by the state. Moreover, contracts are commercial documents that are needed only to define the desired outcome of a transaction rather than to establish the rights and responsibilities of the contracting parties. [REDACTED]

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Beijing's efforts to reorganize China's legal system reflect a need to construct more effective legal institutions and to establish standards for official behavior. The primary functions of the new institutions are to reinforce discipline and maintain social order, to control arbitrary actions by officials, and to provide guidelines for individual behavior and organizational management, particularly in the economic sector. The role of law in China's international economic relations is to regulate foreign economic activity in China, from direct investments to a variety of joint transactions. [REDACTED]

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Implications for Foreign Trade, Finance, and Investment

China's broadening of international economic activity is also forcing Beijing to adapt its legal system more to Western concepts. The Chinese traditionally preferred loosely drawn agreements with disputes settled on an informal basis, whereas Westerners insist on tightly drawn, detailed legal documents, with the courts as the arbiter of disputes. [REDACTED]

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Although trade dealings and plant purchases have accorded China some familiarity with Western contract law over the years, China's opening to foreign investment presented new problems for the PRC legal system. After an initial burst of interest, potential investors immediately grew apprehensive about entering into deals where no legal structure spelled out investor rights, obligations, and protections. After some delay, China published in mid 1979 the Joint Venture Law, which governs participation of foreign companies in joint ventures, licensing deals, processing operations, and compensation trade. This law also stimulated further economic legislation designed to promote and regulate foreign trade and investment while protecting China's interests and sovereignty. Investors still found the law vague, and further interpretive legislation was required. Among the laws adopted since August 1980 to regulate foreign economic activities in China were those pertaining to labor management, the registration of joint ventures, joint venture taxes, the Guangdong special economic zones, and foreign exchange control. [REDACTED]

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The Chinese are still attempting to define the legal aspects of economic relationships. China's traditional preference for settling all disputes--including foreign economic matters--by compromise remains. Although the regulations on labor management provide for a bureau to arbitrate disputes and permit the dissatisfied party to sue in the local people's courts, the real extent of bureau and court authority is untested. Bilateral trade as well as economic and shipping agreements that China has concluded with other governments usually include provisions that allow the parties involved to determine the course and location of any arbitration. The viability of the other regulations will be tested as investors attempt to apply them in meeting, changing, or canceling contract terms. [REDACTED]

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Problems

The ambiguous and inconsistently applied economic rules, the vacillating policies, the inexperienced legal and regulatory institutions, and an unfamiliarity with Western commercial and legal practices--all these factors have complicated the production and implementation of rules covering foreign economic partners and have retarded growth of outside investment in China. Although the Chinese have accommodated some foreign commercial practices, they have done so in response to the needs and demands expressed by prospective outside investors without regard for the complexity of the task of creating clear rules where none had existed. Moreover, in attempting to clarify some points of law through supplemental regulations, the Chinese frequently have departed from the intent and meaning of the original law. [REDACTED]

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Inconsistencies and changes in policies on which the laws are based have led to misinterpretations. Although decentralization has permitted Chinese negotiators to enter into and approve transactions with foreigners without central endorsement, the extent and limits of the authority and of the regulations governing foreign investments are unclear. [REDACTED]

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Differences in the characteristics of Chinese and foreign negotiating styles also have created problems. Linguistic and cultural differences and the absence of a common background for problem solving have produced divergent concepts of proper methods of doing business and perceptions of the legal aspects of commercial transactions. Because of limited experience in complicated commercial transactions, the Chinese have continued to apply concepts associated with simpler transactions to more complex ones, and disagreements over the definition and validity of contracts have been common. Long, confusing, and frequently unsuccessful negotiating sessions are the norm. [REDACTED]

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Foreigners have expressed concern over matters that remain unresolved or untested. These include standards for defining a valid contract, guarantees of the rights and responsibilities stipulated in contract terms, the question of tax creditability,

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guaranteed investment protection, patent rights, and standard arbitration facilities and procedures. Until these problems are clarified and a track record of dealings and dispute settlements between foreign firms and the Chinese develops, the Chinese legal system will continue to be an enigma and impediment to foreign economic relations.

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Central Intelligence Agency
National Foreign Assessment Center
28 October 1981

MEMORANDUM

China's Energy Outlook

China's energy output will drop by about 3 percent in 1981 after a 1-percent decline last year. This decline, following three decades of rapid growth, is already beginning to constrain Chinese industrial and transport activity. [REDACTED]

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The outlook through 1985 is hardly encouraging inasmuch as large investments are required in China's coal mines and oilfields just to maintain current output rates. New capacity in these industries is coming on stream very slowly, and ambitious plans to develop hydroelectric and nuclear power are lagging. The long lead times associated with new energy resources make a resurgence of energy growth rates commensurate with desired industrial growth unlikely until the late 1980s. In the last two years, energy conservation has lessened the impact of fuel shortages, but a rapid shift of the country's industrial output mix toward light industry--forcing a sharp decline in energy intensive heavy industry--has been the main factor in reducing energy demand. With a likely shift toward restoring some growth in heavy industry, however, a further decline in energy output would prove much more serious. [REDACTED]

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Oil Production Decline

Although down only marginally in 1980, crude oil output is currently running at 2.02 million barrels a day, 5 percent below last year's rate. Just three years ago, China's leaders expected oil output to more than double, producing 4 to 5 million barrels a day by 1985. Now they admit that China will do well just to maintain a 2-million b/d rate through the mid 1980s. [REDACTED]

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[redacted]

High-level Chinese officials suggest that the slowdown results from an overemphasis on production without sufficient attention to the exploration and development of new fields. In fact, considerable exploration has taken place, but antiquated equipment and outmoded techniques contributed to an apparent exaggeration of reserves, especially in the geologically complex Huabei (North China) Basin near Beijing. Development efforts have often been inappropriate to the geologic environment and in some cases have harmed the prospects for sustaining high output. Meanwhile, production in some of China's older oil fields--most notably Daqing and Shengli, which together produce 70 percent of China's oil--has leveled off and may soon begin to decline. [redacted]

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Fall in Gas Output

Natural gas production faces many of the same problems as oil, but output has declined even more steeply--10.3 percent--this year. About half of the gas output comes from fields in Sichuan Province where known reserves are reportedly being depleted. Much of the rest is produced residually with crude oil in the major oilfields. The decline in gas output is affecting industrial consumers in Sichuan Province even though supplies to almost all nonindustrial consumers have been terminated. Fertilizer plants there and in other parts of the country appear to be particularly hard hit. [redacted]

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Coal Output Stagnates

China's coal industry is now under pressure to fill the expected energy gap caused by oil shortages. In 1980, however, coal production declined by 2.4 percent to 620 million tons, and Beijing anticipates a further drop to 600 million tons in 1981. Monthly output figures so far indicate that the target will barely be met. Production in some of the older mining areas, particularly in the Liaoning fields, has leveled off and may be declining. Moreover, the central government has deliberately retarded the growth of uneconomical small mines, which have accounted for much of the increase in China's coal output in recent years. Inadequate investment has slowed development of large new mines and has prevented the construction of adequate rail and port facilities to transport the coal. [redacted]

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To maximize the return on still inadequate investment levels, the Chinese are concentrating on a few areas which already have large proven reserves. Eight coalfields or bases are earmarked for most of the investment funds allocated to developing new mines. These coal bases have rich deposits totaling about 120 billion tons and already have some working mines and required infrastructure. The Chinese also are focusing on rail and port facilities. For instance, four of the five railroads which serve coal-rich Shanxi Province are being

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[redacted]

upgraded either by electrification or double tracking. These efforts probably will permit production to increase slowly, perhaps to 650 million tons or more by 1985. [redacted]

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Electric Power Shortages

Despite significant progress in developing its electric power, China's generating capacity is still embryonic and unable to meet the increasing demand from industry and agriculture. There have been widespread reports of factories operating at only 70 to 80 percent capacity because of electricity shortages, and many new plants lack sufficient power to start operation. Despite improved hydroelectric output, total electric power production is up only 1.4 percent this year, far below the rates required to support planned modernization. [redacted]

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In the face of power shortages, the industry is receiving a larger share of an admittedly smaller capital investment budget. At present about 22,000 megawatts (MW) of new capacity is under construction--10,000 MW of hydroelectric and 12,000 MW of thermal--to add to the country's 60,000 MW capacity. By 1985 about 18,000 MW should become operational, an annual growth rate of just over 5 percent. Although this matches most forecasts of industrial growth, electric power requirements generally increase faster than industry as a whole. [redacted]

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To satisfy growing needs in the late 1980s and 1990s, Beijing has attempted to draw up a major program of large coal-fired and nuclear-powered thermal plants and several exceptionally large hydroelectric projects. These plans, however, are only preliminary. Because hydro- and nuclear-power projects are capital-intensive and require long lead times, their development has been postponed in favor of coal-fired thermal plants.

Outlook for US Involvement

Beijing's high priority on energy considerations--particularly in the petroleum, coal, and electric power industries--augurs well for American contracts. US energy-related firms are regarded by the Chinese as having the best technology and expertise. Moreover, foreign exchange constraints are not as binding as in other sectors, partly because oil and coal can be important foreign exchange earners. [redacted]

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Nevertheless, progress in signing contracts has been slow. Although this has been discouraging to many firms, Chinese slowness should be expected, given the scale of many of the energy projects. Because the projects are so large and costly and diverge from past policies that discouraged foreign involvement, the Chinese bureaucracy is having a difficult time making decisions. Major planning mistakes in the past, like those associated with the Baoshan steel mill, have made decisionmaking even more difficult. [redacted]

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[Redacted]

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The most promising area for potential cooperation is offshore oil exploration and development. If contracts are signed and exploration is even moderately successful, oil could easily become the strongest commercial link between the United States and China. [Redacted]

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Western firms, primarily US, already have spent almost \$200 million on a gratis basis in the South China Sea to complete one of the most comprehensive seismic surveys ever done. The surveys have identified a considerable number of geological structures favorable for oil or gas accumulation. Reserves cannot be proven without extensive exploratory drilling, but the Chinese are suggesting that the area could produce on the order of one million barrels per day by the early 1990s, enough to offset the declines expected at Daqing and Shengli by then. Given the nature of oil exploration, it is also possible that the area will produce little oil. [Redacted]

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The Chinese Ministry of Petroleum was expected to issue invitations to bid by late 1980, but legal and technical problems caused a postponement. Beijing now says invitations will be extended within a few months. [Redacted]

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[Redacted]

Oil firms are expected to use their own funds for exploration, whereas substantial bank or government financing probably will be required for development expenses. Under such arrangements, the Chinese would provide relatively small amounts of capital, but in turn would give up a sizable portion of ultimate output. [Redacted]

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Despite China's looming oil shortages, Beijing's caution and slowness about negotiating with Western firms are understandable. Although China would benefit from the technology shared in the offshore effort, it would be putting into foreign hands one of its most likely sources for maintaining oil self-sufficiency. Given the poor record of its own offshore program, Beijing would appear to have little choice, but some among China's leadership and in its petroleum industry may hold different views. [Redacted]

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US firms also are well positioned to aid in and benefit from the development of China's electric power system. To successfully modernize, China will have to spend about \$100 billion over the next 20 years on power plants and transmission systems. For development on such a scale, China almost certainly will attempt to build its own manufacturing capacity and incorporate a host of improved and new technologies--possibly including nuclear power reactors. Emphasis on acquiring new

[Redacted]

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[redacted] 25X1
manufacturing technology will make equipment sales to China difficult, but US firms may benefit from joint venture and licensing agreements. [redacted] 25X1

The Westinghouse and Combustion Engineering contracts for sharing technology to manufacture 300 MW generators--financed in part by Eximbank's first loans to China--are an example. These units probably will become the standard generator for scores of Chinese powerplants over the next 20 years, and this would promise the US equipment suppliers a long-term beneficial relationship with China. [redacted] 25X1

Chinese purchase of a US-built nuclear power plant or a licensing agreement to manufacture in China the major parts of such plants likewise would inaugurate a long term commercial relationship. Questions regarding the economics of the capital-intensive nuclear plants have not been definitively resolved, however, in part because the Chinese system is not well equipped to handle such issues. Feasibility studies suggest that major demand areas like Gwangdong, Liaoning, and Shanghai might support nuclear plants. Whether such plants would be built by the domestic nuclear machine building industry on its own or would be imported from the West (Framatome of France is the strongest competitor to US firms) also must be resolved. At present, on the basis of a reported postponement of the proposed Gwangdong/Hong Kong nuclear power plant and a tentative approval to construct a small domestically built plant in the Shanghai area, Beijing appears to be favoring a limited program of domestic construction. In any case, nuclear power is unlikely to make a significant contribution through the end of the century. [redacted] 25X1

Prospects for large-scale US participation in China's coal and hydropower industries are less promising, but US equipment supply firms probably will continue to export significant amounts of their products. Much of the equipment for coal and hydropower development is available domestically or can be imported from highly competitive Japanese or West German firms. Even so, Chinese purchases of US earthmoving equipment have been substantial--\$100 million out of total imports of \$500 million for earthmoving equipment in 1979. Such imports declined sharply in 1980, however, due to readjustment cutbacks. Technical exchange agreements such as the US-China hydropower protocol signed last year improve the prospects for future sales. [redacted] 25X1

China: Primary Energy Production, 1970-1981

Million tons of standard coal equivalent^a

700

600

500

400

300

200

100

1970 75 80 81^b

^aBased on coal yielding 7,000 kilocalories per kilogram.
^bProjected figures.

Natural gas
Hydroelectric power
Oil
Coal

585582 10-81

25X1

BO Yibo
(Phonetic: bwo)
(5631/0001/3134)

CHINA

Vice Premier; Minister in Charge, State Machine-Building Industry Commission

Addressed as:
Mr. Vice Premier



A longtime specialist in economic management, Bo Yibo was appointed a vice premier in July 1979, a member of the Central Committee of the Chinese Communist Party in September of that year, and Minister in Charge of the newly created State Machine-Building Industry Commission in February 1980. The Commission is charged with strengthening management and integrating civilian and defense aspects of the machine-building industry.

A native of Shanxi Province, Bo graduated from Guomin Normal School in Taiyuan in 1930. He later took courses at Beijing University but did not graduate, probably because he was jailed for participating in anti-Japanese disturbances. He served as China's first Minister of Finance during 1949-53. Bo was Chairman of the State Construction Commission from 1954 to 1956, when he became Chairman of the State Economic Commission and was named a vice premier. From 1962 to 1966 he concurrently served as Vice Chairman of the State Planning Commission. Bo was purged during the Cultural Revolution (1966-69) and did not reappear until 1978. In September 1980 he led a delegation of the State Machine-Building Industry Commission to the United States.

Bo, 73, is a widower and has several children. His wife was a government official who was persecuted during the Cultural Revolution. She died in 1967.

16 October 1981

25X1

CHEN Yun
(Phonetic: chun)
(7115/0061)

CHINA

Member, Chinese Communist Party Politburo Standing Committee; Vice Chairman, CCP Central Committee; First Secretary, Central Discipline Inspection Commission (since December 1978)

Addressed as:
Mr. Chen



Chen Yun, China's elder statesman for economic affairs, is responsible for overall long-term economic planning. The architect of China's economic programs from 1949 to 1958, Chen is an advocate of gradual, balanced economic growth that stresses agriculture and light industry. From July 1979 until his resignation in September 1980, he served as a vice premier in addition to all his other duties. He was also Minister in charge of the influential State Financial and Economic Commission from July 1979 until March 1981, when the Commission was dissolved.

Active in Chinese Communist Party affairs since the 1920s, Chen rose to become the ranking vice premier by 1954 and a member of the Politburo Standing Committee in 1956. In 1958 Mao Zedong launched the Great Leap Forward, an ambitious program to produce rapid economic growth. Chen criticized Mao's policies as unrealistic, and his political influence began to erode. Denounced during the Cultural Revolution (1966-69), he lost his membership on the Politburo and his vice-premiership. After Mao died in September 1976, Chen regained much of his former stature.

Chen, who is about 76 years old, is a native of Jiangsu Province.

[Redacted]
19 October 1981

25X1

FANG Yi

CHINA

(Phonetic: fahng)
(2455/3015)

Member, Politburo and Secretariat, Chinese Communist Party Central Committee; Vice Premier; Minister in Charge of the State Scientific and Technological Commission

Addressed as:
Mr. Vice Premier



Fang Yi is China's ranking science administrator and a prominent spokesman for making scientific and educational excellence the cutting edge of China's modernization drive. The elevation of Fang--then a vice president of the Chinese Academy of Sciences (CAS)--to the Politburo in August 1977 reflected the commitment of the post-Mao Zedong leadership to rejuvenate civilian science. Fang assumed control of the State Scientific and Technological Commission in October 1977. In that post he coordinates the work of the three pillars of Chinese research and development--the CAS, the universities and the ministerial research institutes. In March 1978 he was named a vice premier. From July 1979 until May 1981 he was president of the CAS. He was appointed to the Communist Party Secretariat, the day-to-day working body of the Central Committee, in February 1980.

Experienced in finance and trade matters, Fang shaped China's foreign aid program from the mid-1950s through the mid-1970s. Before his current assignments he had served as Minister of Economic Relations with Foreign Countries during 1970-77.

Fang, 65, understands English and has some knowledge of Japanese and German. He has a noticeable red birthmark on the right side of his face. He is married.

20 October 1981

25X1

GU Mu

CHINA

(Phonetic: goo)
(6253/3668)

Vice Premier; Minister in Charge, Import-Export Commission and Foreign Investment Control Commission

Addressed as:
Mr. Vice Premier



A senior economic manager for more than two decades, Gu Mu plays a part in nearly every area of the economy and is especially active in the current modernization program for agriculture and industry. He has been a vice premier since 1975. In 1979 he assumed his posts at the Foreign Investment Control Commission and the Import-Export Commission. He has been a member of the Secretariat of the Chinese Communist Party (CCP) Central Committee since 1980.

Gu regularly hosts foreign visitors from industrialized countries and participates in domestic economic and industrial conferences. He frequently travels abroad to meet with economic officials. Between 1979 and 1981 he visited Japan several times in attempts to sooth Sino-Japanese tensions brought on by the cancellation of contracts between the two countries.

After joining the CCP in 1932, Gu served as a provincial and municipal official until 1954, when he transferred to Beijing to become first a vice chairman and then chairman (1965) of the State Construction Commission, a predecessor of the State Capital Construction Commission. At the Commission he was involved in directing the national economy. Purged in 1967 during the Cultural Revolution, he returned to public life in 1972 and was elected a full member of the CCP Central Committee in 1973. From 1973 until early 1981 he was Minister in Charge of the State Capital Construction Commission. Gu, who is about 67, is married.

[Redacted]
16 October 1981

25X1

HAN Guang
(Phonetic: hahn)
(7281/0342)

CHINA

Minister in Charge, State
Capital Construction Com-
mission (since March
1981)

Addressed as:
Mr. Minister



One of the few heads of major commissions who are not concurrently vice premiers, Han Guang is responsible for administering the organization that has principal authority over capital investment in China. Before he became Minister, he had served as a vice minister of the Capital Construction Commission for nearly three years. He has been a member of the Chinese Communist Party (CCP) Central Committee since August 1977 and has served on its Discipline Inspection Commission since December 1978.

Han has been active in CCP affairs since he joined the party in 1931. He studied in the Soviet Union during the late 1930s. After he returned to China in about 1939, he served briefly in Xinjiang Province and then in Yanan, the CCP's wartime headquarters. Between 1946 and 1957 he served in various party and government posts in northeast China, including those of mayor of Luda and Governor of Heilongjiang Province. In 1957 Han transferred to Beijing to deal with scientific and technological matters. By 1958 he had become a vice chairman of the Science and Technology Commission. Han retained that position until 1967, when he was purged during the Cultural Revolution. He was rehabilitated in 1973 as a member of the China Council for the Promotion of International Trade.

Han, who is about 70, speaks some Russian.

[Redacted]
19 October 1981

25X1

TANG Ke
(Phonetic: tahng)
(0781/0344)

CHINA

Minister of the Metallurgical Industry (since July 1977)

Addressed as:
Mr. Minister



An experienced administrator, Tang Ke has guided the metals industry through major production gains during the past several years. Although metallurgy has played a significant role in China's economic modernization, the regime's currently more conservative plans have slowed the growth rate of the metals industry in favor of other sectors. Since late 1979 Tang and the industry have been publicly criticized for overly rapid development and for problems surrounding the construction of the costly Baoshan iron and steel works near Shanghai.

Before he went into metallurgy, Tang had spent about 20 years in the Ministry of Petroleum Industry. He was a deputy director of the Petroleum Control Bureau by 1951 and held the post for at least five years. He became a vice minister of petroleum industry in 1965. In 1967, during the Cultural Revolution, Tang was purged, and he made no public appearances until 1970. By December 1971 he had become a vice minister of the newly formed Ministry of the Fuel and Chemical Industries. He later served as a vice minister of the metallurgical industry (1975-77). He has been a member of the Chinese Communist Party Central Committee since 1977.

Tang, 63, has traveled widely. In 1972 he attended the UN Conference on the Human Environment in Stockholm. He toured several Latin American countries in 1974 and 1975, visited Europe in 1978, and led metallurgical delegations to the United States and Japan in 1979.

19 October 1981

25X1

WAN Li

CHINA

(Phonetic: wahn)
(8001/6849)

Vice Premier; Member,
Secretariat, Chinese
Communist Party Central
Committee; Minister in
Charge, State Agricul-
tural Commission

Addressed as:
Mr. Vice Premier



In February 1980 Wan Li became a member of the Secretariat of the Central Committee of the Chinese Communist Party. ©

In April he was appointed a vice premier, and in July he took over the State Agricultural Commission, thus becoming China's top agricultural official. Wan has had a long association with party Vice Chairman Deng Xiaoping, dating back to 1950, when Wan worked under Deng's supervision in Chongqing, Sichuan Province.

After the founding of the People's Republic in 1949, Wan held several economic posts. In 1955 he became a vice minister of building, and during 1956-58 he was Minister of Urban Construction. For the next eight years he was a Beijing party secretary and vice mayor. Purged in 1966 during the Cultural Revolution, Wan emerged from disgrace in 1971 as a member of the standing committee of the Beijing party committee. By 1974 he had regained his pre-Cultural Revolution status as a Beijing party secretary and a vice chairman of the city government. During 1975-76 he served as Minister of Railways, but in mid-1976 he encountered political difficulties with the Gang of Four and other leftists. After the fall of the Gang of Four in late 1976, Wan served as a vice minister of light industry (January-June 1977). In mid-1977 he was dispatched to Anhui Province, where he held the top party and government posts. He remained in Anhui until his transfer to Beijing in February 1980.

Wan, who is about 65, was leader of a delegation of agricultural experts that visited the United States in 1979 at the invitation of the State of Maryland.

20 April 1981

WANG Bingqian
(Phonetic: wahng)
(3769/0014/0051)

CHINA

Minister of Finance
(since August 1980)

Addressed as:
Mr. Minister



A veteran finance officer, Wang Bingqian had served as a vice minister of finance for seven years before he was named Minister. During his tenure as a vice minister he was active in meeting and hosting foreign economic delegations. ©

Wang has been affiliated with the Finance Ministry since at least 1963, when he was director of the Budget Department. He did not appear in public between 1963 and 1970. In 1971 he worked in the People's Bank of China, which was then subordinate to the Finance Ministry.

Wang served on the Committee to Examine Motions during the second session of the Fifth National People's Congress (China's legislature) in June 1979. He was elected president of the Chinese Accounting Society in January 1980. He is 55 years old.

20 April 1981

25X1

YAO Yilin
(Rhymes with wow)
(1202/0181/2651)

CHINA

Vice Premier; Member,
Secretariat, and Direc-
tor, General Office,
Chinese Communist Party
Central Committee; Min-
ister in Charge, State
Planning Commission

Addressed as:
Mr. Vice Premier



In 1979 Yao Yilin,
an experienced economic
administrator, became a
vice premier and head of the General Office of the
Chinese Communist Party (CCP) Central Committee. ©
The following year he was appointed to serve concur-
rently on the Secretariat of the Central Committee
and as Minister in Charge of the State Planning Com-
mission.

One of China's top economic decision makers, he
has stressed agricultural and light industrial pro-
duction, as well as raising the purchasing power of
the people. He has stated that China must concen-
trate on the development of coal, petroleum, and hy-
droelectric power resources. He has also said that
there should be an increased use of petroleum as a
raw material for the chemical industry and a deem-
phasis of its use as a fuel.

Yao joined the CCP in the 1930s. He became a
vice minister of trade in 1949. During 1959-66 he
served in the Finance and Trade Offices of both the
Central Committee and the State Council; he concur-
rently held the post of Minister of Commerce from
1960 until he was dismissed in 1967 during the Cul-
tural Revolution (1966-69). He reemerged in 1973 as
Vice Minister of Foreign Trade. During 1978 he
briefly served once again as Minister of Commerce.

Yao, 64, has been a host to many foreign visi-
tors to Beijing. He traveled to Europe in April
1977. At one time he spoke some English, but he cur-
rently uses an interpreter.

16 October 1981

25X1

YU Qiuli
(Phonetic: yew)
(0151/4428/6849)

CHINA

Vice Premier; Minister in Charge, State Energy Commission; Member, Politburo and Secretariat, Chinese Communist Party Central Committee

Addressed as:
Mr. Vice Premier



An acknowledged economic planning specialist, Yu Qiuli was made a vice premier in 1975. He has been a member of the Politburo of the Chinese Communist Party Central Committee since August 1977 and of the party Secretariat since February 1980. As Minister in Charge of the State Energy Commission--a post created in August 1980--he directs China's energy ministries. In September 1980 he was named to the Committee for the Revision of the Constitution.

Yu is a native of Jiangxi Province. He became a member of the Communist Youth League in 1929 and of the Communist Party in 1931. He subsequently joined the People's Liberation Army, eventually rising to the rank of lieutenant general before leaving the military in 1958 to become Minister of the Petroleum Industry. In that capacity he was involved in the development of the large Daqing oilfield in Heilongjiang Province in the 1960s. Yu was the target of Red Guard criticism during the Cultural Revolution (1966-69), but he emerged from the experience relatively unscathed. In 1972 he was appointed Minister in Charge of the State Planning Commission--a position that gave him responsibility for planning in all sectors of the economy; he was removed from that post in August 1980. In late 1979 he accompanied then party Chairman Hua Guofeng on a visit to four West European countries.

Yu, who is about 67, has only one arm--his right.

7 July 1981

25X1

YUAN Baohua
(Phonetic: yooen)
(5913/1405/5478)

CHINA

Minister in Charge, State
Economic Commission;
Chairman, China Enter-
prise Management Asso-
ciation

Addressed as:
Mr. Minister



Yuan Baohua became Minister in Charge of the State Economic Commission in March 1981, after having served since 1978 as a vice minister of the Commission. As Minister, he is responsible for translating long-term economic plans into workable programs for improving the industrial and transportation sectors of the economy. Since 1979 Yuan has been chairman of the China Enterprise Management Association, an organization composed of scholars, experts and managers interested in upgrading the quality of economic management practices. ©

Involved in economic affairs since 1950, Yuan first gained national attention in the Ministry of Metallurgy, where he served as a vice minister from 1959 to 1960. During 1960-63 he was a vice chairman of the Economic Commission. In 1963 he was appointed director of the General Bureau for Allocation of Materials. The following year he was promoted to Minister when the bureau became the Ministry of Allocations. Although Yuan was criticized during the Cultural Revolution (1966-69), he apparently was not purged because he appeared in public in 1969 and 1970 as a "leading member" of an unidentified State Council office. He served as vice minister of the State Planning Commission during 1974-78.

Yuan, 65, is a native of Henan Province. He led an economic delegation to the United States in November 1979 and one to Western Europe during May-June 1980.

25 September 1981

25X1

ZHAO Ziyang
(Phonetic: jaow)
(6392/4793/7122)

CHINA

Premier; Vice Chairman,
Chinese Communist Party

Addressed as:
Mr. Premier



Agriculture specialist and administrator Zhao Ziyang was named Premier in September 1980, only five months after he had been transferred from his provincial leadership posts to become a vice premier.

In June 1981 he was elected third-ranking vice chairman of the Chinese Communist Party after having served less than two years on the elite Politburo. Zhao's rapid rise has been widely attributed to his enthusiastic implementation of CCP Vice Chairman Deng Xiaoping's economic reform policies while holding his provincial posts during 1975-80.

Until his transfer to Beijing, Zhao had spent his entire career in local government. During most of the Sino-Japanese war (1937-45) he served as a county and prefectural party secretary in east China. By 1965 Zhao had risen to CCP first secretary of Guangdong Province, but he was purged in 1967 during the Cultural Revolution. He reappeared in north China in 1971 and the next year returned to Guangdong, where he was restored to his old post by 1974. In December 1975 he became first secretary and Governor of Sichuan, China's most populous province. Zhao was initially elected to the CCP Central Committee in 1973. He became an alternate member of the Politburo in 1977 and a full member in 1979.

According to Western press reports, Zhao is relaxed, friendly and easy to deal with. While a provincial leader, he visited Iran, Romania, Yugoslavia and Western Europe. In his current capacity he has traveled to Pakistan, Bangladesh, Nepal and Southeast Asia. Zhao, who is married, is about 62 years old.

16 October 1981

25X1

ZHENG Tuobin
(Phonetic: jung)
(6774/2148/1755)

CHINA

Minister of Foreign Trade
(since 10 September 1981)

Addressed as:
Mr. Minister



A foreign trade expert for more than 25 years, Zheng Tuobin had been a vice minister of foreign trade for nearly four years before assuming his current post. During his career he has dealt extensively with Western and socialist governments.

Zheng's career with the Foreign Trade Ministry began in about 1953, when he was deputy chief of the export section of the First Bureau (socialist countries). He left the Ministry in 1958 to become a commercial counselor at the Embassy in Moscow and remained there until 1964. By 1966 he had returned to the Ministry as acting director of the First Bureau. For the next five years he did not appear in public. He reappeared in December 1971 but was not identified in a specific post until April 1973. From then until December 1977, he was director of the Third Bureau, which is responsible for trade with Western Europe, the Americas and Oceania. Zheng has traveled widely in the course of his official duties, but he has not yet been to the United States.

Zheng, 57, is a native of Shaanxi Province. He speaks and understands some English.

[Redacted]
23 September 1981

25X1

中国国务院 Central Government Organizations of the People's Republic of China

Standing Committee of the National People's Congress

Chairman ■ YE Jianying	Vice Chairmen ■ BANGJEN Erdni Oolgyi Gyancan ■ BENG Yingchao (f) ■ HU Juwen (f) ■ LI Jingshan ■ LIAO Chengzhi ■ NGAPOI Ngawang Jigme ■ FENG Cheng ■ FENG Zhen ■ SEYFIDIN ■ SHI Liang (f)	Vice Chairmen ■ SOONG Ching Ling (f) ■ SU Yu ■ TAN Zhenlin ■ LI JIANHU ■ WEI Guoping ■ XI Zhongxun ■ XIAO Jinguang ■ XU Deheng ■ YANG Shangkun ■ ZHU Yunshan (f)
Secretary General ■ YANG Shangkun		

Supreme People's Court

President ■ JIANG Hua
Vice Presidents ■ HE Lanjie ■ WANG Weigang ■ ZENG Hanchou ■ ZHENG Shaowen

State Council

Premier ■ ZHAO Ziyang	Vice Premiers (in Rank Order) ■ WAN Li ■ YU Quli ■ GENG Bao ■ FANG Yi ■ GU Mu ■ YAO Yilin ■ KANG Shiren	Vice Premiers (in Rank Order) ■ CHEN Muhua (f) ■ BO Yibo ■ Ji Pengli ■ YANG Jingren ■ ZHANG Aiping ■ HUANG Hua
Secretary General DU Xingyuan		

Supreme People's Procuratorate

Chief Procurator ■ HUANG Huoding
Deputy Chief Procurators ■ CHEN Yiangshan ■ GUAN Shentfu ■ LI Shiyang ■ WANG Fu ■ XI Zhanxuan ■ YU Bing ■ ZHANG Su

State Council Organizations

Ministries

Agricultural Machinery Minister YANG Ligang	Education Minister ■ JIANG Nanxiang	Machine Building (1) Minister BAO Bin	National Defense Minister ■ GENG Bao
Agriculture Minister ■ LIN Huija	Electric Power Industry Minister LI Peng	Machine Building (2) Minister ■ LIU Wei	Petroleum Industry Minister ■ KANG Shi'en
Building Materials Minister SONG Yangchu	Finance Minister WANG Bingqian	Machine Building (3) Minister LU Dong	Posts and Telecommunications Minister WEN Minzheng
Chemical Industry Minister SUN Jingwen	Food Minister ■ ZHAO Xinchu	Machine Building (4) Minister QIAN Min	Public Health Minister QIAN Xinchong
Civil Affairs Minister ■ CHENG Zhua	Foreign Affairs Minister ■ HUANG Hua	Machine Building (5) Minister ■ ZHANG Zhen	Public Security Minister ■ ZHAO Cangbi
Coal Industry Minister GAO Yangwen	Foreign Trade Minister ■ LI Qiang	Machine Building (6) Minister CHAI Shufan	Railways Minister GUO Weichang
Commerce Minister WANG Lei	Forestry Minister YONG Wentao	Machine Building (7) Minister ZHENG Tamxiang	State Farms and Land Reclamation Minister ■ GAO Yang
Communications Minister PENG Deqing	Geology Minister SUN Daqiang	Machine Building (8) Minister	Textile Industry Minister ■ HAO Jianxiu (f)
Culture Minister	Justice Minister WEI Wenbo	Metallurgical Industry Minister ■ TANG Ke	Water Conservancy Minister ■ QIAN Zhengying (f)
Economic Relations With Foreign Countries Minister ■ CHEN Muhua (f)	Light Industry Minister (acting) SONG Jian		

Offices

Birth Planning Leading Group Head ■ CHEN Muhua (f)	National Olympic Committee President ZHONG Shitong
Counselor's Office Director LIU Yi	National Secretariat Office for Science Secretary WANG Wenda
Educated Youth Leading Group Leader ■ WANG Renzhong	New China News Agency Director ZENG Tao
Environmental Protection Leading Group Leading Member WANG Zongjie	Office in Charge of Helping Educated Youth First Deputy Head KANG Yonghe
Foreign Affairs Office Director ■ GENG Bao	Office of Overseas Chinese Affairs Director ■ LIAO Chengzhi
Foreign Language Publications Director LUO Jun	Political Work Group Director
General Affairs Section Director WANG Weichang	Religious Affairs Bureau Director XIAO Xianda
Government Offices Bureau Director	Staff Office Director
National Defense Industry Office Director ■ HONG Xuishi	State Archives Bureau Director
	State Publications Bureau Director

Commissions

Cultural Relations With Foreign Countries Minister in Charge ■ HUANG Zhen	State Energy Minister in Charge ■ YU Quli
Foreign Investment Control Minister in Charge ■ GU Mu	State Family Planning Minister in Charge ■ CHEN Muhua
Import/Export Minister in Charge ■ GU Mu	State Financial and Economic Minister in Charge ■ CHEN Yui
National Stratigraphic Chairman WU Heng	State Machine-Building Industry Minister in Charge ■ BO Yibo
Nationalities Affairs Minister in Charge ■ YANG Jingren	State Planning Minister in Charge ■ YAO Yilin
Physical Culture and Sports Minister in Charge ■ WANG Meng	State Scientific and Technological Minister in Charge ■ FANG Yi
State Agricultural Commission Director ■ WAN Li	
State Capital Construction Minister in Charge ■ HAN Guang	
State Economic Minister in Charge ■ Yuan Baohua	

Special Agencies

All-China Federation of Industry and Commerce Chairman HU Z'ang	General Administration for Insurance Director	State Museums and Archaeological Data Bureau Director WANG Yeqi
All-China Federation of Supply and Marketing Cooperatives Director NIU Yinqun	Industry and Commerce Central Bureau Director WEI Jinlei	State Nationality Languages Translation Bureau Director
Central Meteorological Bureau Director ■ GU Mu	Bank of China President BU Ming	State Oceanography Bureau Director SHEN Zhendong
China International Trust and Investment Corporation President RONG Yiren	People's Insurance Company of China Acting General Manager SONG Guohua	State Pharmaceutical Administration Director YANG Shoushan
China Travel and Tourism Bureau Director LI Yuzhang	Scientific and Technical Cadre Bureau Director	State Seismological Bureau Director LIU Yingyong
Civil Aviation General Administration Director General SHEN Tu	State Aquatic Products Bureau Director ZHANG Zhao	State Standardization Bureau Director CHEN Xian
Foreign Experts Bureau Director	State Archives Bureau Director	State Statistical Bureau Director CHEN Xian
General Administration of Customs Acting Director General ZHU Jianbai	State Labor Bureau Director General KANG Yonghe	State Supplies Bureau Director LI Kaixin
General Administration of Exchange Control Director BU Ming	State Metrology Bureau Director LI Leshan	State Surveying and Cartography Director

■ Identifies members or alternate members of the 11th Central Committee of the Chinese Communist Party.

This chart identifies officials known to hold leading positions in the Central Government of the People's Republic of China. Information received as of 15 May 1981 has been used in preparing this chart. CR-81-10215. (Supersedes CR-78-13497) May 1981