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The Director of Central Intelligence Washington, D.C. 20505

National Intelligence Council

NIC #02214-84 11 April 1984

MEMORANDUM FOR: Director of Central Intelligence

Deputy Director of Central Intelligence

VIA: Vice Chairman, National Intelligence Council

FROM: David D. Gries

National Intelligence Officer for East Asia

SUBJECT: Your Attendance at Two Principals Only Meetings

Relating to the President's Trip to China

1. Your Monday Lunch Meeting

On Monday, 16 April you are invited to a White House luncheon from 1200 to 1330. The first 45 minutes will be occupied with a review of issues expected to arise during the President's trip. These are enumerated at Tab A in a draft NSDD. The second 45 minutes has been set aside for a "walk through" of the President's schedule.

- 2. Secretary Shultz will take the lead in putting the visit in perspective--the purpose of the visit, how the Chinese view it, and what it means to Sino-US relations.
 - -- The President will have unprecedented TV coverage in China, with the time in most cases adjusted to meeting US network deadlines. The Chinese people will see more of him than any previous American leader. Given his abilities on TV, his three TV presentations are likely to become the high points of the trip.

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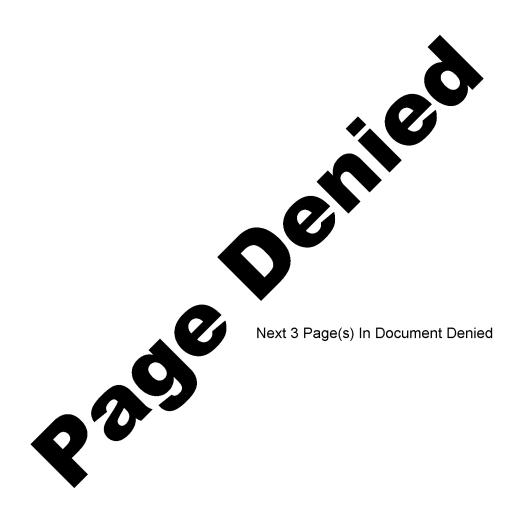
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In my view, the President is spending more time with the three senior Chinese leaders than is really sensible. Even allowing for translation time, he has many hours to use in what has got to be fairly serious conversation. Accordingly, when his talking points pass through the NSC mechanism, they should be examined to make sure there is enough content to use up the available time. Shultz may foreshadow their content in his presentation.

3. Your Tuesday Meeting

On Tuesday, 17 April you are invited to a meeting in the White House Situation Room from 1100 to 1200. The second 30 minutes of the Tuesday meeting will be devoted to: a review of policy toward the Korean peninsula and Taiwan, discussion of issues likely to arise during the President's special small meeting with Deng	25X1 25X1
Xiaoping, and an update by you	25 X 1 25 X 1
4. After there will be a discussion on Korea, Taiwan, the President's separate, restricted	25X1
meeting with Deng and	25X1
The discussion on Korea is important in that the President may not be aware of probable North Korean motives in making some recent gestures towards South Korea. At Tab B is a memorandum I was separately preparing for you but which now seems appropriate for this book.	
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THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S VISIT TO THE PEOPLE'S REPUBLIC OF CHINA

Over the past year, we have witnessed an improvement in U.S.-China relations. The recent visit to the United States by Premier Zhao Ziyang and my return visit to China are in themselves strong indications that the relationship is progressing well, despite some problems, and that the Chinese appreciate the value of the relationship and will continue to cooperate with us to advance the relationship in areas of mutual interest. We want my visit to continue the momentum of recent months. (S)

Because of the importance of this relationship and the sensitive aspects of managing our relations with both the People's Republic of China and Taiwan, it is essential that our strategies and policies be coherent and that our actions be consistent and mutually reinforcing. The public perception of these discussions at home and abroad will have an important bearing on the course of our relationship, and therefore, in addition to ensuring that our private statements to the Chinese are consistent, we must ensure that our public statements and briefings to the media about the visit are consistent, coordinated, and supportive of our goals. (S)

<u>Objectives</u>

In our relationship with China we seek:

- To promote a China that remains independent of the Soviet orbit. (S)
- To encourage China's efforts to modify and liberalize its totalitarian system, introduce incentives and market forces in its economy, and continue expanding its ties with the major industrialized democracies. (S)

To help China modernize, on the grounds that a strong, stable China can be an increasing force for peace, both in Asia and in the world, if the two objectives above are realized. (S)

To achieve these overall objectives we should emphasize the following themes during this very important visit:

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Political/Diplomatic Relationship

First, on political/diplomatic issues we should aim:

- To reaffirm our commitment to regard China as a friendly, non-allied nation and to consolidate and advance our bilateral relationship on that basis. (C)
- To enhance Chinese understanding of the United States and carry the message of American friendship directly to the Chinese people by further developing the rapport between U.S. and Chinese leaders, and by direct talks to the Chinese people, carried over Chinese television and radio, as well as in the press. (C)
- To reaffirm our intention to live up to the various joint communiques we have signed with the Chinese, including the one of August 1982 on arms sales. At the same time we should reconfirm our moral and legal commitment to maintain unofficial relations with the people of Taiwan, including the continued sale of defensive arms. We believe the "resolution" of the Taiwan issue is a matter for the Chinese people to settle themselves, and our only concern is that it be done peacefully. A continued peaceful approach by Beijing to Taiwan is fundamental to our position on Taiwan arms sales and to the whole framework of our relations. (S)
- To send a quiet signal to our friends in Asia, as well as to the Soviets and others, that U.S.-China ties can prosper on a foundation of realism, mutual interest, and mutual respect, despite differences arising from the nature of our societies and political systems. (S)
- To seek ways of expanding and perhaps institutionalizing regular U.S.-Chinese consultations and coordination on issues where our interests are similar or parallel (e.g., Korea, Afghanistan, Kampuchea). (S)

Economic/Trade/Scientific and Technological/Cultural Relationship

Second, in this area we should seek:

- To articulate our readiness to lend support to China's ambitious modernization effort, especially through our liberalized technology transfer policy. We also need to work for legislation that protects our ability to implement existing policy and against legislation which restrict or inhibit it. (S)
- To make every effort between now and the end of my visit to conclude an agreement of cooperation on the peaceful uses of nuclear energy, so that it could be announced or initialed while I am in China: This will require imagination and persistence in persuading the Chinese to meet our needs with respect to consent rights on the ultimate disposition of spent nuclear fuel. A

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nuclear cooperation agreement will represent a milestone in advancing U.S. non-proliferation objectives, bringing China into the group of nations pursuing these objectives, and in opening the extensive Chinese market to the U.S. nuclear industry. (5)

- To express our disappointment over the Chinese failure to abide by the terms of our bilateral grain agreement in 1983 and our expectation that they will henceforth abide by the terms of the agreement. (C)
- To encourage the Chinese to look beyond immediate problems in some areas to the longer-term potential of their economic relationship with the U.S. (C)
- To attempt to create an atmosphere in which we can conclude as early as possible the various bilateral agreements and treaties still pending, especially a comprehensive bilateral investment treaty (BIT), and a renewal of the Maritime Agreement. (C)
- To build on the substantial trade benefits that both countries have derived over the past few years. (C)
- To work for the removal of U.S. legislative language formulated in earlier years, lumping China together with the USSR, which restrict our ability to provide technical assistance or low-interest loans to China. while we have no plans now for programs in either area, we want to be in a position to propose them should future policy formulation make such moves desirable.
- To promote greater industrial and commercial cooperation by urging the Chinese to expand the areas of cooperation under the new Technological and Industrial Cooperation Accord through the establishment of protocols in specific industrial sectors, especially energy, transportation and telecommunications; and by the announcement of several Presidential Trade Missions to China to take place over the next two years, sponsored by the U.S. Department of Commerce. (C)
- To dramatize our cooperation in Scientific and Technological areas by offering the Chinese a program of cooperation in space research which would include the possibility of a Chinese astronaut accompanying a Chinese experiment on a flight of a U.S. Space Shuttle. (S)
- To increase the already large student exchange program, and to seek improved access for American scholars in China to research materials, more commensurate with that enjoyed by Chinese scholars in the U.S. (C)
- To increase cultural exchanges in athletics and the arts.

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Strategic/Military Relationship

Third, in the area of strategic and military relations, we should strive:

- To attempt to stimulate greater Chinese interest in raising the level of strategic dialogue and in expanding U.S.-PRC cooperation against the common threat posed by the USSR. To brief Chinese leaders on Soviet military expansion in Asia, their likely future weapons development, on Soviet efforts to expand their influence throughout the world, and on arms control matters.
- To discuss the need to take new steps to insure the stability of the Korean peninsula. This should include briefing the Chinese on our view of the threat posed by North Korea, discussing ways to bring the North into bilateral talks with the Republic of Korea to reduce tensions and begin confidence building measures, and discussing ways to make North Korea more responsible and more interested in joining the community of nations. (S)
- To restate our determination to work together with them to upgrade their defensive military capabilities. Transfer of appropriate levels of technology, civilian and military, consistent with other strategic interests and international obligations, is necessary and desirable in pursuit of this objective. (S)
 - To expand the exchange of military VIP's and specialist delegations. This should include setting a date for the visit to the U.S. of the Chinese Minister of Defense, and public announcement of this date, during my visit to China. (S)

Our overall strategy should be to develop our relationship by highlighting the areas of agreement and potential cooperation, while maintaining a firm but guiet stance on issues involving our own principles and commitments not subject to compromise. (S)

