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Vice President Mondale: Thank you very much, Mr. Vice Premier. We were thrilled by last evening's banquet. I thought your toast brilliantly defined the significance of relations between your great nation and mine, and we look very much forward to these talks that will broaden relations between your peoples and mine.

Vice Premier Deng (referring to press): We will start our work when they are finished.

Vice President Mondale: I have some secret things I would like to tell you in their presence. They will never tell a soul.

Vice Premier Deng: You cannot depend on that. (Laughter)

Vice President Mondale: We have the nicest press in the world. I will tell you the truth later. (Laughter)

Vice Premier Deng: You do not smoke nor do you drink very much.

Vice President Mondale: I have absolutely no vice. I will also tell you the truth later on that. (Laughter)

(Press leaves the room.)

Vice Premier Deng: I wish you a long life. The Russians have a joke that a man whose son was already 100 years old was asked what secrets he had for longevity. He disclosed that his secret formula was that he smoked and he drank.

Vice President Mondale: You probably heard the Mark Twain famous motto: Be good and you will always be lonesome.

Vice Premier Deng: Shall we proceed as we have agreed? That is, for you to start off.

Vice President Mondale: Thank you very much. Mr. Vice Premier, once again may I say how much I appreciate this opportunity to hold talks with you. My country and the President view these talks as very important. The President asked me to convey his best wishes to you and your people. My visit underscores again the very highest priority we attach to our relations with you, both in the bilateral and strategic realm.

I propose that we discuss bilateral issues first, where I have a number of important proposals. I suggest we follow this tomorrow with a discussion of a broad range of global issues where it is important we compare notes. It is our opinion that now that we have taken the historic step of normalizing

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our diplomatic relations, this meeting differs from those in the past. We now must broaden and deepen our relations to that we have normal relations in the full sense of the world. That involves economics, culture, science and technology, and other matters. It is important that we make progress in these meetings and that we be seen by the entire world as having made progress. The entire world must see our relationship as one which is strong, enduring, permanent, not subject to intimidation.

I would hope to the extent that we can reach agreement today on some of these matters to be able to include them in my remarks at Beijing University to underscore that fact to the world.

#### TRADE AGREEMENT

I would like to go into a series of specific matters. On July 7 we signed the historic Trade Agreement which includes the crucial element of our extending most favored nation status to the People's Republic of China. We understood the seriousness of that agreement, including the importance of MFN to a proper and growing healthy economic relationship between the two people. At that time we indicated that following the signing we hoped soon to submit the Trade Agreement to the Congress for its approval. Subsequently, we indicated to your officials in Washington that we had made an arrangement with the Majority Leader Bob Byrd to send that Agreement up this year but that we had to pick a time that was acceptable to the Majority Leader. Following that briefing of your representatives in Washington, we received word through diplomatic channels that there were some concerns about the delay and Senator Jackson made a statement to the same effect. I wish to explain exactly what happened.

I am the President of the U.S. Senate. I have served in that body for twelve years. It is an independent legislative body. The scheduling of business there is under the strict control of the Majority Leader. How we proceed to move matters through the Congressional branch is determined in terms of a schedule set by the Majority Leader.

At the time we signed the Agreement we anticipated that he would agree to an early submission of the Trade Agreement. When we found out he was concerned about scheduling, Zbigniew Brzezinski and I personally went to Bob Byrd and said we had made a commitment to the Chinese to present MFN quickly. I told him that I had to be prepared to reaffirm that commitment when I visited Beijing. We secured a commitment from Senator Byrd that he would accept the Trade Agreement before the end of the year at a time to be determined. He has further informed me that he will personally support and help

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If we had disregarded the advice of the Majority Leader and sought to go around him, we would have wasted our time.

Bob Byrd has been a champion of normalization and for terminating our relationship with Taiwan. We need his support through a whole range of matters.

I think it is important that one other matter be understood. It has been suggested that MFN was linked to other matters, perhaps the Soviet Union. I want you to know, and I tell you on behalf of the President, in no way has submission of the Trade Agreement been linked to the Soviet Union. We do not even know if we will grant MFN to the Soviet Union, but we will do yours anyway. We will do it this year. We have had to adhere to a schedule set by the Majority Leader of the Senate, since we need the support of the leadership of the Senate to get the Agreement through.

Two final points: Number one, fortunately, the law provides that when we send the Trade Agreement up, the Senate and House must act within sixty legislative days. This means there can be no filibuster or delays in any way. Once it is up there it must be acted upon. I am confident MFN can be granted and I make that commitment to you.

Second, I regret that Senator Jackson was unaware of my conversation with Senator Byrd. Senator Jackson was out of the country when the conversation took place and he was unaware of it. We should have advised him of it.

#### CREDITS

Vice President Mondale: We are prepared to offer a credit arrangement with the People's Republic to cover lending up to \$2 billion by the Ex-Im Bank, our federal lending service, over a period of two to five years on a case-by-case basis. When that credit arrangement is used up we would be prepared to consider adding additional funds to that amount. This commitment is unprecedented for us, and Ex-Im would propose to incorporate into agreement with you the refinancing of its claims for approximately \$37 million. We are prepared to leave a paper with you describing the Ex-Im offer.  
(NOTE: This paper was never given to the Chinese.)

Vice Premier Deng: (turns to colleagues, in Chinese, untranslated). What is that \$37 million?

Foreign Minister, Director Han: (in response, in Chinese, untranslated). That refers to the loans to the Kuomintang with interest. They say ...

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Vice Premier Deng: (interrupts colleagues, untranslated.)  
Oh, I know.

Vice President Mondale: I would like to make one point about it. The United States, in using its so-called export-import facilities, traditionally has a much higher proportion of private financing in a joint loan than do government lending agencies of most other countries. For that reason the \$2 billion will actually mean substantially more when coupled with the private financing that usually goes with it. If this general approach seems reasonable to you, I would suggest that we would be prepared to send a team of our specialists here, perhaps in December, to explore it further.

#### REIMBURSABLE ASSISTANCE

Vice President Mondale: The next area I would like to discuss is the availability of reimbursable assistance to a host of projects that might be of interest to you. We are aware that we have been working with your officials on a hydroelectric agreement. I hope that agreement can be signed while I am here. That agreement is made possible by a determination about which I want to inform you today. A few days ago, the Secretary of State, acting under a provision of our current law, determined that the People's Republic of China is a friendly country. Under the terms of our national legislation, this determination means that we can now discuss a range of reimbursable assistance such as hydroelectric projects, long distance transmission of electricity, harbor design and construction, and carrying out geological surveys. There are a whole lot of other things. We have a modest fund available at totally American expense, to carry out technical studies. This makes it possible for us to finance on our own a study of, say, a particular hydroelectric project which would then be followed by the actual involvement and assistance by and engineers in the construction of the project on a reimbursable basis.

We have modest funds available that enable us to pay for a preliminary study. As to the actual project, we would help with it, but we would have to be reimbursed. Without "friendly nation" status, this could not be done.

#### OVERSEAS PRIVATE INVESTMENT CORPORATION

Vice President Mondale: We have an institution known as the Overseas Private Investment Corporation which has authority to guarantee and insure U.S. business ventures and investments in developing nations. This is a significant institution for

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expanded cooperation between our two nations in commercial opportunities because U.S. business will be looking to that institution for insurance and for loans in light of the new initiatives you have taken to encourage foreign investment and joint ventures.

Legislation will be required to make U.S. investors and businessmen in China eligible for this under the law. We will send that legislation up this year and urge its adoption and are quite confident it will be adopted, assuming the services are of interest to you. Our officials estimate that if this were available it would be prepared to insure up to \$200 million in U.S. investment over the next two years and loans up to \$50 million over the same period, depending on the course of U.S. investors. If this facility interests you, we would be prepared to have our OPIC leaders meet with your leaders further to explore those terms and the possibilities contained under its provisions.

#### DIFFERENTIATION OF CHINA AND THE SOVIET UNION

Vice President Mondale: Turning to export controls, our granting of some licenses is unprecedented for approval of the sale of this technology to a Communist nation. In all of these instances -- Ex-Im credit which we think is unprecedented; "friendly nation" determination, which opens a whole new range of technical cooperation; MFN; and extension of Overseas Private Investment Corporation services; and in the granting of highly sensitive export control items -- we are beginning to differentiate between you and the Soviet Union. We have experts with us to discuss in greater detail all matters that I have discussed, if you wish to pursue these matters. They are with us.

Vice Premier Deng: You have brought them with you?

Vice President Mondale: I think your experts here know our experts here. I could pose as an expert, Mr. Vice Premier, but my father told me not to lie.

#### CIVIL AVIATION

Vice President Mondale: Two other points and then I will conclude my remarks. We have been talking now to your experts on what we see as the need to move ahead on civil aviation. We note several Western European and East Asian nations enjoy civil air agreements with your nation. We, as you know, desire to designate more than one carrier. A very important principle of American law is competition. We do not have a single state-owned passenger airline. We find that to keep them honest you have to make them compete. You have some experience with capitalists. Help us keep them honest!

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Vice Premier Deng: (Laughs)

Vice President Mondale: We have suggested a proposed agreement to your officials, and we would hope that we could agree to a time when we could enter inform formal negotiations in order to reach an official agreement. We also advised your specialists that as of two weeks ago we have notified the Taiwanese that we are going to replace the present official Civil Air Agreement with an unofficial agreement. We understand your concerns there. In the context of our desire for an agreement with you, we understand that this needs to be done, and it will be done.

One other point if I might: On Friday of last week, you may have heard, at the staff level of our Civil Aeronautics Board, a decision was made to deny the application of Pan Am and your Civil Air Administration of China for charter flights. I was notified of this and immediately wired the CAB. I learned that the negative decision will be reversed on Tuesday or Wednesday. The decision had denied a CAAC-Pan Am request for expedited treatment by the CAB for their charter request. The decision will be reversed, and the case will be handled expeditiously. I have the assurance of the Board.

I raised this point because you may have heard about it earlier. It also demonstrates that in our government we sometimes have trouble inside our own government -- something that does not occur here in China. (Laughter) I might say, Mr. Vice Premier, that it seems to me that the existence of civil aviation would be one of the most symbolic and most widely observed phenomenon of our relations and would affect all our people. I hope we might agree to start moving ahead to bring that about.

#### CONSULATES

Vice President Mondale: One final point: consulates. As you know, we will be opening a temporary facility in Guangzhou while I am on this trip. It would be helpful if we could have identified by then a permanent consulate building and in a reasonable period if the same could be done for the Shanghai Consulate.

#### TRADE AGREEMENT

Vice Premier Deng: First, I am quite pleased with the explanation the Vice President just made with regard to most favored nation status. All the news we heard in this regard prior to the arrival of Mr. Mondale has been a cause for worry on our part. Ambassador Woodcock knows about this.

There were many reports in your press in the news and wire services that the Trade Agreement, the most favored nation status, was linked with the Soviet Union. And the Administration so far had not brought the Trade Agreement up before Congress. And even just a few days ago we noted the statement of Representative Lester Wolff, a representative of yours, who spoke up on behalf of the Soviet Union on this matter.

Vice Premier Deng: We do not look with favor upon the statements that Congressman Wolff made in the Soviet Union. On a range of subjects we cannot approve of what he said. But, of course, we pay regard to what the U.S. Government says. We understand that you have many people from Congress, a large number of Congressmen and Senators and they have all sorts of opinions. Because of the concerns that we have felt, our Ministry of Foreign Affairs sent a verbal message to Secretary of State Vance. Now that Mr. Mondale has made this explanation we can consider this matter as closed. We hope Congress will pass the recommendation of the Administration early.

Vice President Mondale: We are quite confident, Mr. Vice Premier, that once the leader sends it up it will be approved. You will recall, Mr. Vice Premier, when we announced the termination of our Treaty with Taiwan there was a terrible explosion in the United States with all kinds of Congressmen who were going to stop it by legislation and law. They did not get anywhere. We made a solemn commitment to you in the Trade Agreement that we would provide an MFN. We are sending it to the Congress this year. We will do everything that we can. It is a solemn commitment on our part.

#### EX-IM CREDIT

Vice Premier Deng: The second point is with regard to the credit arrangement by the Export-Import Bank. You mentioned that the sum would be \$2 billion in a first batch and that after this has been used up there will be additional facilities. We think that the importance does not lie in the sum mentioned but the fact that the United States Government is willing to offer government banking credit facilities to us. We have had discussions with a number of countries on such government-backed credit arrangements. We have not reached agreement with Japan. We are negotiating with the Japanese, but an agreement has not been reached yet. We have reached an agreement with France for the equivalent of \$7 billion, but the

THE WHITE HOUSE  
WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Summary of the Vice President's Meeting with People's Republic of China Vice Premier Deng Xiaoping

PARTICIPANTS: Vice President Walter Mondale  
Leonard Woodcock, U.S. Ambassador to the People's Republic of China  
David Aaron, Deputy Assistant to the President for National Security Affairs  
Richard Holbrooke, Assistant Secretary of State for East Asian and Pacific Affairs  
Denis Clift, Assistant to the Vice President for National Security Affairs  
Richard Moe, Chief of Staff to the Vice President  
Michel Oksenberg, Staff Member, NSC

Vice Premier Deng Xiaoping  
Huang Hua, Minister of Foreign Affairs  
Zhang Wenchin, Vice Minister of Foreign Affairs  
Chai Zemin, People's Republic of China Ambassador to the United States  
Han Xu, Director of North American and Oceanian Affairs  
Wei Yongqing, Director of Protocol  
Chi Ch'ao-chu, Deputy Director of North American and Oceanian Affairs  
Chen Hui, Interpreter

DATE, TIME August 27, 1979; 9:30 a.m.-12:10 p.m.  
AND PLACE: The Great Hall of the People, Beijing, People's Republic of China

Vice Premier Deng: Mr. Vice President, I would like to reiterate a warm welcome on your visit in China. I think that for the leaders of China and the United States to meet regularly to exchange views and to have talks will be significant for the development of our bilateral relations and for world development.

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DECLASSIFIED

E.O. 12958, Sec. 3.6

PER 4/2/93 NSC RE NLC-98-215  
BY [Signature] NARS DATE 7/2/99



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French did not add any other conditions. Even such small Western European countries as Luxembourg are willing to extend us similar credit arrangements. Of course, the sum may be small.

We welcome the position of the United States Government to extend official credit arrangements to us. But you mentioned that within this proposal there should be a reimbursement of loans contracted by the Chang Kai-shek clique of some \$37 million. I think you are aware of our position on this question. It is my hope that this will not be discussed in the framework of this Export-Import loans, that we leave it for separate discussion elsewhere, and that such small matters should not be discussed with the major issue. And above all, we hope that this is not made a pre-condition for the credit arrangement. If this were made a pre-condition, we definitely will not accept this arrangement. The amount does not matter.

Vice President Mondale: I understand. Our problem is that the law conditions Export-Import lending upon repayment arrangements for outstanding indebtedness. In establishing the project-by-project approach, it was our suggestion that this debt -- a small amount as you point out -- could be rolled into these loans as part of those projects. And as I understand it, the \$37 million figure was reached not on the basis of a theoretical outstanding indebtedness but on a calculation of what part of the value of previous Export-Import credit to China was actually used and made available to the People's Republic of China. I do not know if the \$37 million refers to actual funds or the facilities.

All U.S. Side: The facilities

Vice Premier Deng: The amount of money that you spent on Chiang Kai-shek was more than this.

Foreign Minister Huang Hua: (in English) Billions (Laughter)

Vice Premier Deng: And it is very hard to draw clear lines of demarcation. So our stand has always been that we are not responsible for any loans contracted by Chiang Kai-shek with any other country. This is a political commitment in making any reimbursement of such a loan. It does not matter that the amount is not very large. We hope that such matters will not be linked.

Vice President Mondale: I do not think it is necessary to make pre-conditions. But it is a problem under our law. And I would suggest rather than going on at this point we have

specialists with us who could speak to your specialists. Maybe we could resume discussion of this matter at our second meeting.

Vice Premier Deng: Of course the experts on the respective sides can discuss this. But I can tell you very clearly if this is made a condition for the credit arrangement, it will definitely not be accepted. Our hope is that you will not lose big interest by insisting on smaller matters. As I told our American friends on many occasions, you have a plethora of laws. You can find a number of lawyers who can get around this question.

Foreign Minister Huang: Vice Premier Deng just stated this question can be discussed separately from the matter of the Export-Import credit arrangements. That is to say the issue should not be linked to the Export-Import credit.

Vice President Mondale: I understand your point of view. Let us consider that. Perhaps we can bring this matter up again at our second meeting.

#### REIMBURSABLE ASSISTANCE

Vice Premier Deng: We welcome the decision of the United States Government to provide reimbursable assistance and to determine China as a friendly country, providing a range of technical facilities by this reimbursable assistance. We welcome this approach. We welcome the various suggestions in this regard about hydroelectric power, long distance electrical transmission and such projects. But, of course, we leave the specific projects for discussion to the experts. We can raise our requests. And your side can also consider what is possible on your side.

Vice President Mondale: Very well. We are open to the broadest range of suggestions. For example, the long-range transmission lines which I know is a big concern of yours, since your country's hydroelectric sites are a long distance from your industrial locations. That is the same problem which our country has. We have the technology, experts, and experience to share. We would be delighted to go ahead.

Vice Premier Deng: For instance, other hydroelectric projects need to be built. As you know, we have so far only developed seven percent of our resources. (He turns to Foreign Minister Huang, who corrects Deng to say two percent.) If the United States is willing to assist us in building a project on the Yangtze River, that project alone will be able to generate 20 million kilowatt hours.

EXPORT LICENSES

Vice Premier Deng: The new policy decision of the United States Government making a distinction in the case of China may not have come to the awareness of officials in the lower ranks of your government. It was the United States side which proposed that we purchase some ground stations for the communications satellite. Apparently in our recent contact with the official concerned, some difficulties have arisen. Conditions have been raised that we cannot accept.

Mr. Holbrooke: That is the Landsat D.

Vice President Mondale: If we can discuss that issue at the technical level with your people immediately, it will not be so complicated. I think these questions can be handled smoothly.

CIVIL AVIATION

Vice Premier Deng: On the matter of the Civil Aviation Agreement, it is our hope that an agreement will be signed soon. Our customary practice in the past in negotiating such agreements with other countries is for an agreement of one company with another company. Now the United States side has requested that at least two companies be included. This we will leave to the experts to settle.

Vice President Mondale: We want to underscore the concept of more than one carrier. It is very important to us. I am sure you share with us the concept that the best way to keep the capitalists honest is to make them compete. We will let the experts go into details. I am not well versed on that. If we could agree on the more-than-one carrier principle, we could enter negotiations...

Vice Premier Deng: We have already agreed with Pan Am.

Vice President Mondale: There was a contract signed between you and Pan Am to open up some selected charter flights. The CAB has been told to reverse its decision of rejection. That is a different question than the long-term Civil Air Agreement.

Vice Premier Deng: We bought three Boeing 747s especially for the use of starting the charter service.

Vice President Mondale: That is for the long way. The only other point is that the multiple carrier point is a very deep principle, not just a technical question for us.

Vice Premier Deng: We are considering this. We will let the people who handle these things work on it.

#### CONSULATES

Lastly, on the matter of consulates general, we have already an agreement and a temporary site has been designated for your consulate in Guangzhou. Originally in our discussion we wanted to set up five consulates general on each side, and we hope that you will reconsider. You did not agree at that time. Because you see the KMT clique had sixteen consulate generals in the United States. Even now the Coordinating Committee for North American Affairs has eight branches in the United States. We hope you will consider this.

Vice President Mondale: May I have our Assistant Secretary Holbrooke respond to that?

Mr. Holbrooke: We share your hope, Mr. Vice Premier, that the consulates will exist on both sides. I hope we will be able to work with you on the consular convention and that we will be able to move in the direction that you requested. I believe that it has been some time since we have heard from your side in response to the issue.

(Vice Premier Deng confers with Mr. Han Xu on this issue.)

Vice Premier Deng: We have already informed the American side that our side has already signed the Vienna Convention on consular relations, and no more is necessary. We are studying this problem. We will go into this. This should not be a difficult problem.

Mr. Holbrooke: I agree.



TAIWAN

Vice Premier Deng: Finally, I want to bring up the issue of properties once controlled by the KMT clique in the United States. In this connection, I want to say something about U.S.-Taiwan relations. On this matter of properties, according to international practice, the properties belonging to the Kuomintang after normalization of diplomatic relations should be transferred to the PRC. But the Taiwan people have transferred such properties to other parties. The U.S. Government expressed the hope that we should bring this matter before the courts. But it is not possible for us to do so because such questions should be dealt with according to international practice. If a lawsuit is involved, it should be the United States Government that is a party bringing up this case. I bring this up to the attention of the U.S. Government.

As to your handling problems that come up in your relations with Taiwan, we hope that you deal with these with more prudence. In some cases if you step over boundaries, the Chinese people find it hard to understand. To be very candid, we have been tolerant on some of your actions, but as I said if you go over bounds on certain cases, then it will arouse public opinion and make it very difficult for us to explain it to the people who have resentments in this regard. They have been talking about this already.

I trust that the U.S. Government may have noted a sentence in the report to the government made by Premier Hua Guofeng not long ago in which he expressed the hope that the U.S. Government not do anything that would hamper the return of Taiwan to the Motherland. This is his report to the government made before the National Peoples Congress. We showed great restraint in wording and formulating it that way. But, of course, it has implications. So we hope that President Carter and the Vice President in dealing with such questions will give more thought to any action you take.

DALAI LAMA

As for the matter of the Dalai Lama, that is a small matter. We made clear our position. It is not a very important question because the Dalai Lama is an insignificant character.

Vice President Mondale: You have awfully good housing waiting for him. Could Woodcock live there? (Laughter)

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Vice Premier Deng: If he wants to come back, he could still live in that house. Of course, it is an illusion on his part. The idea of wanting to have a state of Tibet. Not long ago he visited the Soviet Union, and we have confirmed information that he went there on orders of the Indian Government. Some of his important officials have recently come back and have gone to Tibet to see officials and conditions there.

#### CAMBODIA AND VIETNAM

One last matter in bilateral relations is Cambodia and Vietnam.

Sihanouk travels on his own. He sometimes pursues activities on his own. We leave it up to him to do what he wants. We built a very lovely residence for him. His accommodations are very nice -- like a palace. Regardless of the stand he takes, he can always consider Beijing to be his home.

Of course, he is entitled to his opinions, but as a national leader I say his views are too narrow and too nearsighted. With regard to some actions, such as his categorical refusal to have dealings with Pol Pot -- we understand that. But we notice his words and deeds only abet Vietnamese aggression and the Hong Samrin puppet regime.

We think we know what you have in mind. I want to mention something done by the United States and Japan. We do not object, but we think it unrealistic. The Vietnamese will not accept your position on a political solution. Vietnam is not yet in enough of a difficult position to accept a political solution. Perhaps later, when the difficulties the Vietnamese are facing increase to an unbearable extent, then the time would be appropriate for them to accept.

I can tell you that we have been persuading Pol Pot to let Prince Sihanouk play the role of head of state. But at the moment Sihanouk has not accepted that position. The present position of Sihanouk is to exclude the main force of resistance in Kampuchea, that is the forces under the government of Pol Pot, and to set up another government in exile. Of course, we believe that he does have some political influence within Kampuchea, but he does not really have strength. His former followers in Europe, especially in France, are in much disarray among themselves. He recognizes this and has stated publicly that in view of the disintegration among former followers he does not want to take part in politics, but of course he will change.

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We have taken note of the fact that the U.S. Government has now given up this idea. But it should be noted that Japan is still persisting with this idea. I told the Japanese friends that they are much too naive.

Japanese aid would amount to \$50 million. If they think that for \$50 million U.S., they can get Vietnam from under Soviet control, then they are really rather naive in so thinking. In any case, this question should be viewed comprehensively. So far as we are aware, the only forces that are capable of waging resistance against the Vietnamese in Kampuchea are the forces under Pot Pot. So we can only give them support. We are in favor of a political settlement, but the key point in any political settlement must be Vietnam's withdrawal from Kampuchea. Really withdraw. And for them to give up the dream of setting up an Indochina Federation. It will not do if this precondition is not met. So we are in favor of a political settlement, but we think it is possible only at an appropriate time. But by an appropriate time, we mean when the difficulties for Vietnam become unbearable. And a unity of all Kampuchean forces is desirable and, considering everything, it can be headed only by Sihanouk, but not by the Sihanouk of today. These are some of our ideas on the situation in Kampuchea and Vietnam.

I will say something which I hope you will not mind. When the United States and Japan watch such questions, we think it best that you keep us informed first of what you want to do. Of course you do not have to get our agreement for doing anything. We think that in dealing with questions in which our two countries are involved it would be best that we exchange ideas beforehand.

Vice President Mondale: Very important, and that is the reason I am here. That is why we hope to increase and intensify the constant consultation at the top level on the whole range of regional and global issues. We do not expect to agree all the time, but we should know what our objectives and purposes are.

Vice Premier Deng: Shall we leave our discussions for another round tomorrow, since it is nearly noon?

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#### DALAI LAMA

Vice President Mondale: What I was going to suggest is review briefly U.S.-Taiwan relations and then we might resume our discussion in the next meeting about the issues that you raised on Kampuchea and Vietnam.

Concerning the Dalai Lama's visit to the United States, he was received only as a religious leader and not as a political leader. He will not be treated as a political leader. And our position, whenever asked, is that Tibet is part of China.

#### TAIWAN

On state property, as you know, we agree with your government that this property should belong to the People's Republic of China, and we believe the courts of our country will sustain that position. But according to our system of law, that matter will have to be determined and judged by the courts. It is our position and hope that you will bring about the necessary legal proceedings, and we will support you in that effort. We are prepared to do so. I checked with the General Counsel at the State Department. He is quite confident that the lawsuit can be won. The problem is that, according to our lawyer, the U.S. Government lacks standing. If we brought the case, the courts might hold that we do not have a lawsuit since it is not our property. Our interest is not sufficient to have the right to sue. It is a real principle in law. If you were to sue, we could come in and support you in the lawsuit.

On U.S.-Taiwan relations, I think you are aware that my President did something that no President has done. He had the courage to stand up to the Taiwan Lobby and friends in the Congress and cut the knot. We are proud of that. We think we did the right thing. We will respond in full faith to our commitments to you insofar as the Taiwan Relations Act. The President has asked me to reaffirm that to you. Insofar as the Taiwan Relations Act raises fears, all the authority rests with the President. We know what we agreed to, and we will abide by it.

Vice Premier Deng: I only want to tell you that in your various dealings with them that it has tended to make Chiang Ching-kuo very cocky. It has caused his tail to raise very high.

Vice President Mondale: I will report that to the President.

Vice Premier Deng: We can continue our discussions tomorrow,



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Vice President Mondale: I am speaking at Beijing University this afternoon, at your kind invitation, and a great world political leader has said you can only find truth from facts. I would like to include a section in my speech reporting on some of the progress made, to provide facts on some of the truth of our relations. I have here some suggested language I would like to include. Someone from your party might look at it and see if you have any concerns or objections.

Vice Premier Deng: (rising) No problem.

Vice President Mondale: I just want to be sure ....

Vice Premier Deng: I do not think there will be any objections.

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