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**Report from the Chinese Ministry of Foreign Trade,
'Scheme for Our Participation in the Trade Activities
of the Asian-African Conference (Revised Draft)
(Preliminary Paper)'**

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Summary:

The Department of International Trade estimated that the Asian-African Conference would be a good occasion to strengthen economic and trade relations with the participating countries. The Department of International Trade therefore made the recommendations to befriend with these former colonies for developing strong economic and political relations. This is the modified version of the draft plan that was issued earlier.

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Scheme for Our Participation in the Trade Activities of the Asian-African Conference
(Revised Draft) (Preliminary Paper)

Following the comments expressed in the discussion of the party committee meeting in the afternoon on 9th March, [we have] revised "Scheme for participation in the commercial activities of the Asian-African Conference (Preliminary Document)," [and] here [we are] submitting [it] again for review and comments [and] hoping that it would be returned by the afternoon of 14th March.

Department of External Trade Party Committee

The convening of the Asian-African Conference carries tremendous political meaning. Judging from the objectives of the conference as declared in the joint communiqué issued by the prime ministers of the five South Asian countries who are launching the Asian-African Conference, and from the material related by different quarters, the strengthening of the economic and trade relationships amongst the participating countries would be a problem that many countries are very concerned about and interested in. And it is true that the countries find [the idea of] strengthening their connections through economics and trade easier to accept. Moreover, this can be used to strike at the United States for its having refused to deal substantively with economic issues at the Bangkok Conference. It is envisaged that there would be considerable contacts and talks relating to economics and trade during, before, and after the conference. Because [these issues] are of wide bearing and the problems are also very complex, they must be managed and dealt with fittingly, in line with the overall orientation of our activities at the Asian-African Conference. What follows here is the scheme for our trade activities [that we have] drawn up:

(1) Projection of the situation

1. The American imperialists would certainly conduct sabotage in every area. Currently [Harold] Stassen [Director of the United States Foreign Operations Administration] is in different countries to coax them along, trying to woo and influence the participating countries with "American aid." The United States may pass a US\$1 billion aid program for Asia in April. It is envisaged that during the conference the American imperialists would egg certain of its vassals on to fan discord and promote divisions within the conference, advertise the uses of "American aid," put forward every kind of oft-repeated clichés that imperialism applies to underdeveloped countries, in order to fool the participating countries; and will likely suggest that commerce in our country is not free, that merchants are not free to enter and exit, that [we] lack the capability to pay, that our market volume is limited, that [we are] unable to furnish the supplies that Asian-African countries need, that [we are] unable to provide technical assistance, etc., in an attempt to stop Asian-African countries from engaging in economic cooperation with our country. Moreover, [they] will use divergences in social and economic principles to drive wedges between us and those countries. The struggles relating to economics during the conference will be very intense.

2. Yet, most of the participating countries are economically backward, suffer from the pains of leading a colonial/semi-colonial existence, [and] yearn for independence and self-determination [and] to shrug off poverty. On the one hand, they still entertain wishful thinking about such countries as the United States [and] Britain, pinning their hopes for internal construction on foreign aid. The bourgeoisie in some [of these] countries are willing to consider accepting even aid that comes with certain political conditions. On the other hand, they are also wary of the enslaving "American aid," hoping to find an alternative way out. Right now there are also many countries that want to use this conference to probe for the possibility of economic cooperation amongst Asian-African countries. In regard to our country, [these countries] are on the one hand wary of our great strength; but on the other hand they are envious of

our liberation, independence, and great strength. Our country's achievements in the area of economic construction in the past five years cannot but exert an influence and attraction on them. For this reason the absolute majority of these countries hope to establish economic and trade relations with our country, and some countries also hope to obtain some assistance from us. Right now what Asian-African countries find most trying in terms of export trade is the difficulty in exporting raw materials, being subject to the monopolistic and price-repressing practices of imperialism, and at the same time facing shortages in foreign reserves and payment difficulties as a result of the manipulation and monopolies of imperialism. They see the reality of our country engaging in equal and mutually beneficial trade with such countries as Burma and Ceylon; it cannot but impress them. It is envisaged that many countries want to discuss trade with us.

3. Taking the above analyses together, it is unrealistic to expect these countries to shrug off in one fell swoop the deeply entrenched spheres of power and influence of Britain and America in these regions. Their attitude towards our country is mainly one of probing. Winning over these countries through economics is a long-term effort, [and] it has to be prosecuted sure-footedly. At this point it would not be too bad if we can get just a foot in the door. In substantive negotiations, be prepared to bargain, be patient, and yet also be ready to resolve problems briskly once [we have] ascertained the other side's intention. For this reason [we] must investigate and research earnestly; know thy enemies and thyself, [and] be clear-sighted in heart.

(2) Orientation of activities

1. The orientation of our activities relating to economics and trade during the Asian-African Conference should cohere with our country's policy of peaceful diplomacy; targeting the above-mentioned situation, properly grasping the principle of attending to both political and economic [matters] through economic and trade activities within and outside the conference meeting, energetically striving to win over and bring together all Asian-African countries, diluting the relationships between some of those vassals under American influence and the American imperialists and isolating American imperialism in order to achieve the goals of expanding the Asian-African zone of peace and of working together to relax the tense international situation.

2. In terms of concrete modus operandi, adopt the method of making extensive contacts and exercising sway with selective emphases, discriminate between different targets [and] employ different approaches (for details see topic number four below), build up and expand broadly our equal and cooperative relationship in economics and trade with every Asian-African country, [and] through coordinating economic life with political actions arouse the anti-colonial consciousness of Asian-African countries. Expose the reality of American imperialism's manipulation and monopolization of the markets and resources of the underdeveloped countries, dumping surplus commodities to batter indigenous industries and willfully repressing raw material prices, [in order to] elucidate the disadvantages to [Asian-African countries] of the trade restrictions and constrictions that the American imperialists forcibly imposed on every country. Espouse [the notion that] every country [should] be able to decide independently for itself to export what commodities it wishes to export [and] be able to import what it needs. In addition to focusing our power on isolating America [and] opposing its embargo policy, [we] should avoid criticizing the current regulations followed by Asian-African countries in such areas as trade and foreign reserves. In contacts and discussions, explain problems in terms of facts and squarely avoid raising too many oppositional slogans.

3. The attitude we should adopt is that [we] must speak and take up a stance as a member of [the community] of Asian-African countries. Be warm and humble [and] be down-to-earth. Explain our positions and stances in accordance with the actual situation and commonality of the Asian-African region; properly introduce our

country's struggle against colonialism and for national independence and liberation and [our] preliminary achievements and experience in economic construction in the past five years, and do not be afraid to talk about certain difficulties and shortcomings in the process of our [economic] construction as a result of our country's long-standing economic underdevelopment. [We] should stress that any country that seeks renewal through self-reliance has a future that will surely prove bright, and that it is possible to develop equal and mutually beneficial trade relationships and economic cooperation amongst Asian-African countries. Express our country's profound hope that Asian-African countries would develop their economies on the path to independence and self-determination. Advocate the expansion of trade between every country. In regard to certain important commodities [we] can consider entering into long-term contracts under mutually beneficial terms (but it will be inappropriate to fix prices rigidly). We are willing to consider providing all kinds of assistance within our capabilities under the principle of equality and mutual benefit, such as supplying complete sets of all kinds of light industrial equipment through [allowing] payment in installments and providing credit of small amounts, in order to foster improvements in economic cooperation amongst Asian-African countries and in the people's standard of living.

(3) Scheme for activities on individual countries

1. Amongst the countries participating in the Asian-African Conference, there are five that have already signed trade agreements with our country[:] Democratic Vietnam, India, Ceylon, Burma, [and] Indonesia; those that have signed semi-official trade agreements or inter-governmental commodity contracts with our country include Japan and Pakistan; those that engage in direct trade with our country but have not yet established inter-governmental trade relations with us include Egypt, Syria, and Nepal; moreover, even though countries such as Thailand, the Philippines, [and] South Vietnam engage in some trade with us through Hong Kong, they will not proactively request the establishment of trade relations with our country. As for the other Middle-Near Eastern and African countries, currently there is still no trade [between them and us]. It is envisaged that those countries that already have trade relations with us would request the resolution of certain existing problems concerning trade, [and] that those who do not trade with us would want to take this opportunity to hook up with us. Recently Afghanistan has established relations with us; [they] may request the opening of trade between [our] two countries. In light of the current international situation, the political and economic conditions of Asian-African countries and their locations, [and] our country's foreign policy needs and economic needs and possibilities, [our] trade activities during this Asian-African Conference are intended to take Indonesia as the focal point in Asia, [and] Egypt as the focal point in Africa.

2. Indonesia - The protocol [setting] the reciprocal export of three million pounds sterling worth [of goods] that was negotiated and signed with us last year would soon expire in July this year. On the problem of rubber, as a result of the very great pressure from the American imperialists, the Indonesians harbor many concerns and worries [-] mainly it is a fear of "losing big for trifle gains" (during last year's negotiation, Indonesia proposed that we purchase two hundred thousand tons a year; we replied that [we] would purchase only fifty thousand tons a year) [-] and have been vacillating, [and] no agreements have been achieved. Currently a large amount of Indonesia's civilian-produced rubber has yet to find an outlet; if we put forward a scheme for [importing] a relatively large quantity (more than one hundred thousands tons) over a longer period of time (three or five years), we may be able to puncture the American 'embargo' on the Indonesian front. One hundred thousand tons are a large quantity, more than our country's current needs, but most of the comrades in the Department of External Trade party committee advocate buying a large quantity. Judging from the current international situation, it is impossible to have the embargo lifted during the conference. If Indonesia raises the rubber issue, it would still be unlikely to be resolved easily. After studying [the issue] we believe that if Indonesia insists that we purchase a large quantity, [we] can come up with an agreement for

the purchasing of two hundred thousand tons of rubber over three years, seventy percent of which would be paid for by barter. If Indonesia considers this quantity too small or if the difference between the two parties' terms is too great, or if Indonesia still harbors worries, then leave the problem of rubber for future negotiations (if [we] purchase two hundred thousand tons of Indonesian rubber over three years, adding to it the fifty thousand tons from Ceylon and the five thousand tons from Burma every year, subtracting what we need for ourselves and for re-export, there will be approximately sixty thousand tons left over as reserves in three years; detailed calculation is attached separately). During the conference [we] can compare notes [with the Indonesians] on problems such as favored treatment clauses, re-export trade, payments, and freight (formulate separate schemes for these). To strive for the improvement of the bilateral relationship, propose an extension of the 1955-1956 trade protocol and expand the quota of trade according to the needs of both sides and possibilities, [and] invite the Indonesian government to send a trade delegation to Beijing for substantive negotiations. Moreover, signal that we are willing to supply complete sets of equipment for industries such as textiles, and to consider [accepting] payment in installments, in order to further develop the economic and trade relations between [our] two countries.

3. Egypt is the head of the Arab League, is very influential in the Middle and Near East, and has signaled through Hungary and Indonesia that it wishes to discuss trade with us during the Asian-African Conference. [The Egyptian government] has already dispatched its Minister of State and Minister of Trade and one assistant to conduct preliminary discussions with the representative office of our China Import Company in Berlin on 14th March. Egypt's main objective is to market cotton (exporting around two hundred fifty thousand tons every year). We plan to purchase twenty thousand tons of cotton. If Egypt can purchase a sizable amount of our exports, it is possible to consider further increasing the amount of [our] cotton purchases, so as to strive for the building up of the trade relations between [our] two governments; this would to a certain extent help with bringing about the establishment of diplomatic relations, and would at the same time also have an impact on other Arab countries.

4. Regarding India, signal that [we] welcome the industrial and business communities of India to organize trade delegations to Beijing for discussions; moreover, signal that [we] are willing to purchase India's tobacco and hemp bags.

5. Regarding the triangular trade amongst China, Burma, and Ceylon and the problem of increasing the price of rubber which Ceylon has raised, [we] already have specially assigned someone to travel to Rangoon before the conference for discussions. [We] plan to decide on our strategy at the conference in light of how the discussions turn out.

6. If Pakistan again raises the subject of bartering rice for coal, we plan to agree, within the limits of no more than twenty-five thousand tons of rice (Pakistan once proposed fifty thousand tons), to purchase their rice and barter [our] coal for it. At the same time [we] plan to make use of our advantage of still needing to purchase sixty thousand more tons of cotton this year to probe for the possibility of achieving trade agreements with the Pakistani government. If the terms are suitable, we can also purchase more cotton in order to satisfy our domestic needs.

7. Amongst the Arab countries, Syria is comparatively friendly to us and can be made a target for winning over. [We] plan to signal [our desire] to purchase ten thousand tons of cotton from Syria (that country produces about forty thousand tons of cotton every year; the fibers [of its cotton] are comparatively short [and] suitable for our needs), and that [we] are happy to have Syria send a delegation to Beijing or send a delegation to Syria ourselves to conduct substantive discussions, in order to establish trade relations.

8. Afghanistan exports an extremely small variety of commodities, [and] they are moreover not what our country needs. Afghanistan has a need for complete sets of light industrial equipment; we plan to signal our readiness to supply them and to consider payment in installments or providing credit (temporarily set limits at one million British pounds), and to provide technical assistance.

9. Regarding Japan, it is envisioned that some problems will remain after our trade delegation negotiates in Japan, such as freight and the reciprocal establishment of official or official commercial organizations. [We] plan to exchange views on these problems [and] strive to achieve preliminary agreements between governments.

10. Even though Thailand and the Philippines will not proactively propose to establish formal trade relations with us, [we] still plan to watch for opportune occasions to strive to hook up with members of their governments or industrial and business communities. The prices of Thailand's rubber and tin are also repressed by the United States. The Philippines' dried coconuts, Manila hemp, and sugar, are all needed by us.

11. [We] should coordinate with and assist the Democratic Vietnamese government in conducting activities, [and] should at the time consult and work with the Vietnamese delegation.

12. It is unlikely that the other participating countries would trade with us. [We] plan to test the waters appropriately with regard to their main export commodities (such as oil, bronze, [and] rubber; though at this point the [right] conditions for their export to us are still lacking) during [our efforts at] making extensive contacts, [and] also to signal that our country can supply complete sets of light industrial equipment, small-scale machinery, electrical machines, and the likes, as a means of striving to hook up.

(4) Other activities:

1. Reporters from different countries may request one-on-one interviews. We should discriminate amongst them and deal with them separately. [We] plan not to grant one-on-one interviews to American, Thai, and Filipino reporters and ordinary reporters who do not carry special meaning. If [we] run into them in public places, do not refuse to make normal contacts. But in regard to the reporters of the host country [-] Indonesia [-] and those reporters who have been understood to be able to make a positive impact for our country, [we] plan to grant them one-on-one interviews. For ordinary reporters, if necessary [we] plan to hold press conferences to introduce our country's economic situation, trade policies, and to explain our attitudes and stances, so as to expand [our] influence.

2. In regard to members of the local industrial and business communities, organizations, overseas Chinese community, and other organizations, [we] plan to assign specific personnel to receive them. In regard to the senior leaders of important organizations or senior government officials, notable personages of society, and those leaders of the [local] overseas Chinese community who wish to shift their allegiance to us, [we] plan to have Minister Ye [Jizhuang] receive them.

3. Depending on their expressed wishes and our needs, [we] plan to agree individually with some countries during the conference to send to each other trade or visiting delegations to pay visits or to hold exhibitions this or next year.

(5) As for the list of merchandise, [it is] listed separately.