

May 5, 1970
**Minutes of the Meeting of the Political Committee, 5
May 1970**

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Summary:

Discusses Chinese-Hungarian Foreign Relations, their history, trade, and issues a resolution for future interactions between the two states.

Original Language:

Hungarian

Contents:

Translation - English

[Page 1] STRICTLY CONFIDENTIAL Prepared in 3 copies MINUTES of the meeting of the Political Committee held on 5 May 1970 AGENDA 1. The state of Hungarian-Chinese relations. Proposals to extend relations. Speaker: Comrade János Péter Invited: Comrades László Perjési and András Gyenes [Page 2] 1. The state of Hungarian-Chinese relations. Proposals to extend relations. Speaker: Comrade János Péter Commenters: Comrades Árpád Pullai, Dezső Nemes, Antal Apró and János Kádár. The Political Committee notes the statement. It accepts the draft resolution, but the part concerning the press should be corrected. Responsible: Comrade János Péter Comrade Zoltán Komócsin is to approve the corrected text. [Pages 10-14] Proposal to the HWSP Central Committee Political Committee on Hungarian-Chinese relations. From the foundation of the People's Republic of China to 1958, the Chinese Party and state leadership pursued a fundamentally correct internationalist policy, formulated most tangibly in the documents of the first session (September 1956) of the 8th Congress of the Communist Party of China. Beginning in 1958, the Chinese leadership worked out a new internal policy line, announcing the policy of the "three red flags" (general line, the Great Leap Forward, people's communes), and following this, gradually changed its international policy line as well. In the wake of the failures of the Great Leap Forward, an attempt was made to accept a new line of internal policy (policy of adjustment), but this was frustrated by the "Great Proletarian Cultural Revolution." This resulted in the consolidation of the Mao Zedong group's domestic and international policy line which represented a fundamental break with the resolutions at the 8th Congress. This turn won final acceptance at the 9th congress of the Communist Party of China (in April 1969), and was elevated to the status of official Party policy. [Since the 9th Party congress the leadership has placed the preparation for war at the forefront.] At present, the international activity of the Chinese leadership is characterized by the effort to win hegemony over the communist movement and the socialist community. The greatest obstacle to these efforts is represented by the Soviet Union, which is why the Chinese leadership is concentrating its attacks on the Soviet Union. One of the most important features of the Chinese leadership policy is the effort to isolate the Soviet Union. To this end, and at the same time as attacks carried out against the socialist states, the [Chinese] are doing their best to employ differentiated, divisive tactics against them. The Chinese leadership has recently somewhat modified its methods of international policy. It has taken steps which point towards the relaxation of tension between China and the Soviet Union and other socialist countries (for example the meeting between Kosygin and Zhou Enlai on 11 September 1969, discussions with the Soviet Union, the application of more cultured methods of diplomacy, etc.). Despite this, there is absolutely no basis to the supposition that the Chinese leadership will fundamentally change their divisive policy any time soon. II.1. Hungarian-Chinese relations were fraternal from 1949 to 1959. On the general principles of socialist development and on every critical question of the world situation, our positions were identical. A token of our good relations was the international help we received from China following the counter-revolution. During this era, we signed numerous interstate treaties, cultural, scientific, technical-scientific and other cooperation agreements, as well as the Friendship and Cooperation Agreement (1959). During these years, a number of high-ranking exchange visits took place (visits of Comrade János Kádár in 1956 and 1957, Comrades Ferenc Münnich and István Dobi in 1959, Zhu De in 1956 and 1959, and Zhou Enlai in 1957). During these years, we invited Mao Zedong, Liu Shaoqi and the foreign minister, although the invitations did not receive a response. 2. Our relations deteriorated in 1960, although we tried to avert this. There has been no contact between the two Parties since 1965. A series of attempts by us to establish relations, in relation to the meeting of Communist and workers' parties, were rejected aggressively by them. In April 1969, the central newspaper of the CPC published a salutatory telegram, addressed from an ostensible Hungarian pro-Chinese group ("Hungary's Marxist-Leninists") to the 9th congress of the CPC. Our interstate relations are at a low point. Beyond routine diplomatic activities, cooperation between us only exists at present in two areas: foreign trade and the transit of our shipments to Vietnam. Lacking a long-term agreement, we handled our foreign trade transactions until 1969 on the basis of annual goods exchange and payment agreements. Our foreign trade transactions declined. Our exports amounted to 42.3 million rubles in 1958, and 8.9 million rubles in 1969, our imports amounted to 37.4 million rubles in 1958, and 8.9 million rubles in 1969. Despite our continued initiatives, we did not succeed in establishing a reverse tendency. The pricing

structure is favorable. The bulk of our exports consist of machinery and semi-manufactured products, for which we import raw materials and consumer goods, the greater part of which we would need to acquire on the capitalist market. Until now the Chinese have proved to be proper trading partners. One problematic point to further progress is that the Chinese Foreign Trade Ministry wants to agree a goods exchange and payment agreement based on new principles. The new draft agreement they submitted in February 1970 proposes payment in national currency instead of ruble payments used to date, providing for the termination of the maximum price principle and settling the balance in Swiss francs. Our most important interstate agreement, the Friendship and Cooperation agreement is still legally valid but, due to the behavior of the Chinese, its stipulations have not been realized since 1966. The technical-scientific cooperation agreement is legally valid, and was renewed at our initiative in 1964, as well as the declarations on film exchange, telecommunications and postal trade. Cooperation however only exists in the latter areas. Our agreements on cultural, scientific, radio and television cooperation, as well as the declaration of cooperation against agricultural vermin have expired. In 1968 we attempted to renew artistic and cultural exchange, as well as to renew the agreement between radio and television (the latter also in 1970). The Chinese shunned or ignored our attempts. We signed a yearly agreement regarding the transit of our special materials to Vietnam. After earlier serious glitches, Chinese transits are currently continuing without interruption. Since 1967, the Chinese embassy in Budapest has been led by a chargé d'affaires at the rank of commercial attaché. The ambassador left without notification or farewell. On occasion, the embassy continues openly hostile propaganda. It distributes its bulletins illegally, in which they refrain from the direct and violent attacks against the Hungarian People's Republic of the last year. The embassy maintains active social contacts. The Hungarian foreign representation in Peking has been headed all the while by the ambassador. Between 1966 and 1968 the Chinese did not ensure even the most basic conditions for diplomatic activity for our ambassador. At present, our embassy is fully isolated from social contacts, and partly isolated from official contacts. It can only order the central press. It has not been able to continue propaganda activity for years. In Peking, only the MTI [Hungarian News Agency] correspondent is working, since Chinese organs are only willing to deal exclusively with MTI, not the Népszabadság [People's Freedom, the Party organ] correspondent, whose predecessor was expelled in 1969. The New China correspondent will be arriving in Hungary shortly. At the end of 1969, a military attaché arrived from China in Budapest. His predecessor left without farewell in January 1967. Hungarian military attaches in Peking have been working continuously. Participation at national celebration receptions at the embassy was usually at deputy foreign minister level. Noting the round anniversary, in 1969, the Foreign Trade minister represented the Hungarians at the Chinese temporary chargé d'affaires' reception. The 25th anniversary of our liberation was remembered in China at the same level as last year and on a paltry scale (a one-line greetings telegram, deputy foreign minister level at the ambassador's reception, a short piece about the reception on the last page of Renmin Ribao). In 1968 and 1969, other than agreements, our invitations (international symposiums, exhibitions) have not received a response from the Chinese. 3. According to the signs, we cannot count on a spectacular turn in our relations in the future. The Chinese maintain what we presume are coldly correct, sporadic relations. It wants to treat the European socialist countries that agree with the Soviet Union like the capitalist countries. In the near future our only hope can be in the slight improvement of interstate relations. Draft resolution

The Political Committee notes the Foreign Ministry statement on Hungarian-Chinese interstate relations and resolves the following:

1. In the interest of restoring the unity of the socialist community and the international communist movement, we must continue our policy to date: on the one hand, we criticize Chinese steps aimed at disrupting the unity of the communist movement and harming socialist affairs, on the other hand, in proportion to discernible Chinese readiness, endeavor to develop our interstate relations, bearing in mind the appropriate degree of caution. We should take steps to initiate interstate relations primarily in the area of foreign trade.
2. While taking steps we must weigh the situation of Soviet-Chinese relations at all times, and move in close coordination with Soviet comrades.
3. At domestic and international forums, we must continue to

support the People's Republic of China's justified international demands (UN membership, Taiwan, Hong Kong, Macao). 4. The Foreign Ministry should attempt gradual development of personal contacts with Chinese diplomats, and the Chinese Foreign Ministry. 5. Our delegates traveling to the Democratic Republic of Vietnam should, in strict accordance with central instructions, initiate meetings with authorized Chinese persons, primarily in trade, technical-scientific and scientific areas. 6. We should employ a few invitations in the future, to non-political events (exhibitions, scientific conferences). 7. We shall endeavor to increase the number of more principled writings in our press. We do not employ the principle of mutuality, in terms of either quantity or tone. Budapest, 28 April 1970 [Frigyes Pujó Page 120] MINUTES of the Political Committee meeting held on 5 May 1970. The state of Hungarian-Chinese relations. Proposals to extend relations **Comrade ÁRPÁD PULLAI:** I ask in relation to point 4 of the draft resolution: is this remotely likely? **Comrade DEZSO NEMES:** The statement mentions that the Chinese have raised the question of settling accounts in currency, but the material contains no position on this. What is the position on this question? **Comrade JÁNOS PÉTER:** Personal contacts with Chinese diplomats have generally become more favorable of late. We have other news on this, like the Mao Zedong speech printed in today's daily report, and also have statements coming from our embassies – and our embassies in capitalist countries too – that Chinese diplomats' behavior is more cordial, until now they usually avoided political themes in personal meetings, and preferred talking about personal things. There is the latest report from Pyongyang: the Chinese ambassador informed our Pyongyang ambassador of Zhou Enlai's visit. He said things that the Korean comrades had not told our ambassador. Of course, we should not overestimate this. I mentioned all this to illustrate that these questions in point 4 are not unrealistic. Regarding the currency settlement of accounts, the problem is not completely clear for us. It appears that in relations with the socialist countries, they did not settle accounts on the basis of rubles, but on the basis of the Chinese or partner country's currency. We should propose something on this at a later date; it is currently being examined by the Foreign Trade Ministry. It's possible that this is not a new problem. **Comrade ANTAL APRO:** I agree with the submission. Its title is Hungarian-Chinese relations. It is formulated on the first page that they are striving for hegemony within the socialist camp. This is so. But in relation to this, and their efforts, I would only mention that there are perhaps other sorts of efforts too – even if they are not in the material. We can see that there is an approach between Japan and China against the Soviet Union. Mao Zedong support Japanese territorial demands. Then between the USA and China – the FRG has jumped out as a trading partner. We also have information that rocket experts were working there. Therefore these not China's only attempts, they are also trying to reduce trade with us. Regarding our practice: a meeting last took place in the sphere of technical-scientific cooperation in 1967, now they are the receiving party, and they should make a move, but this has not happened. They now owe us 3 million rubles (?) until 30 April. **Comrade REZSO NYERS:** I agree with the submission, I think it very realistic, and its basis on principle is correct. I do not wish to comment on the essence. Regarding foreign trade relations: I approve of what is here, and do not propose that we decide on currency questions. However, it is my opinion, and I have already discussed this with financial experts, that we should not create prestige out of how accounts are settled. This is clearly a question of form. In principle and in law, the situation is that settling accounts can take place the currency of any country. Of course, there is a step here, in that they absolutely do not want to settle in rubles, but when it has no role of merit, and the Soviet Union is not offended, accounts can be settled in either forints or Chinese currency. The Soviet Union is also going in on this. A problem must be made from a serious question. **Comrade DEZSO NEMES:** I agree with Comrade Nyers. According to my knowledge, accounts are settled in India in rupees, and our foreign trade people say that this is advantageous for us. We cannot therefore make a particular problem out of this. **Comrade JANOS KADÁR:** It appears from the statement that there is no substantial change. The proposal can be accepted, it is supportable. I would like to comment on point 7, on press coverage. This question is subordinated to the others; still, to avoid confusion, point 7 should be corrected. We shouldn't say that we will not employ the principle of mutuality, because basically our policy with them is like this: the 'good day' is the same as the 'good day to you too'.

Comrades surely thought that they don't react to roughness and an un-comradely tone in the same way. Our appearances should be principled, corresponding to Party and government foreign policy. This point should be corrected a little, so that it is clear to the press.