

April 30, 1955

**Zhou Enlai's Report to the CCP Central Committee
and Mao Zedong Regarding the Economic
Cooperation Issue**

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[To the] CCP Central Committee and Chairman [Mao Zedong]:

(I) The political committee formed at the Asian-African Conference began discussion on 19 April. A report was adopted on 20 April when the discussion closed. The main contents were included in the economic cooperation section of the joint communiqué of the Asian-African Conference.

Discussion focused on five topics:

(1) Economic Cooperation-Most delegates expressed the desire to get rid of backwardness and build their economies, and therefore supported the idea of regional economic cooperation, including the exchange of technical experts, technical knowledge, training experts, and setting up industrial equipment for demonstration purposes. Delegates from Sudan, Khmer, and other nations proposed setting up a regional bank or fund-raising institution to resolve funding shortages. This proposal was rejected by India, Pakistan, and some other nations, which argued that Asian and African nations were unable to raise funds. General delegates were not confident about self-reliance and regional cooperation, thinking that it was impossible to resolve the shortage of funds and technologies. The Philippines, Thailand, and Turkey emphasized that funds and technologies must come from the advanced Western nations. Japan and Pakistan both stressed the need to obtain assistance from international organizations. Even India, Indonesia, and Burma argued that funds and technologies for economic development had to be [procured from] assistance from outside the region. Burma was openly opposed to conditional American assistance, yet expressed hopes of obtaining assistance from international organizations. Taking note of the arguments above, we proposed that all nations engage in cooperation on the basis of building a peaceful, independent, and autonomous economy, and stated that regional economic cooperation would be promising and that some technologies and experiences obtained by Asian and African people were more suitable to Asian and African nations, given their actuality, and were worth exchanging. We also pointed out that economic development should primarily be through self-reliance with some international assistance, but any assistance that came with unfavorable political and economic conditions for the recipient nations must be rejected. Moreover, we announced our willingness to provide some industrial equipment and experts, and exchange technologies and training experts within our power, attracting the attention of many delegates.

(2) Trade Cooperation-There was a consensus on the need to develop trade, and there was also a consensus on the need to fight imperialism's suppression and manipulation of the prices of raw materials, but there was no consensus on how to stabilize prices and to prevent monopolies. We stated that in order to fight monopoly and manipulation, it was important to enter into long-term procurement and supply agreements, or contracts according to the principle of equality and mutual benefits, to stabilize prices and sales. This idea won the support of some delegates. In the discussion of the development of intra-regional trade, India, Indonesia, and Burma all called for lifting the "blockade" and "embargo" against China. The Indian delegate stated that India was very keen on developing trade with China. The Burmese delegate said that many countries were willing to trade with China, which is a big country and imports and exports a lot of goods. Even Turkey, Thailand, and the Philippines did not dare to request that everyone support "embargo." The Thai delegation said that as United Nations (UN) members, they had to implement UN resolutions. The Filipino delegate said that he did not oppose other nations trading with China. We put forward specific methods for promoting trade, such as holding intra-regional trade fairs and encouraging the exchange of trade delegations. These ideas won everyone's support and were included in the communiqué.

(3) Other Economic Cooperation-The crux was the establishment of an Asian and African payment union. Japan supported the idea as it wanted to take advantage of America to manipulate the payment union, while India attempted to control the

alliance through British pounds. The struggle between American dollars and British pounds turned out to be acute on this issue. Most nations believed that it was not the right time to set up a payment union. We stated that to resolve the payment difficulties of Asian and African nations, it was essential to remove certain nations' monopoly of the international market, to develop trade among nations, and to strike a balance between imports and exports. If imports and exports remain unbalanced, the payment union alone would not solve the problem. In the discussion of shipping, we stated that the Jiang Jieshi [Chiang Kai-shek] bandit gang's looting of merchant ships on the high seas with the support of America posed a serious threat to international shipping and must be stopped immediately. The delegates of the participating nations did not defend America or Jiang Jieshi, but they did not dare to openly second the motion.

(4) The Institutional Issue-Asian and African nations were significantly divided on whether [or not to establish] a permanent economic body. Japan, which wanted to manipulate the Southeast Asian economy, supported the idea of establishing a permanent body. Indonesia and Burma were both inclined to the setup of a permanent body to facilitate some of their economic difficulties. India, which feared that Japan would usurp the leadership, joined forces with Ceylon and Pakistan to oppose the setup of a permanent body. Pro-American nations, such as Thailand, the Philippines, and Turkey, also objected to the idea, fearing that such a body would be set against the UN. Later, it was agreed that liaison officers would be appointed for liaison purposes.

(5) Peaceful Use of Atomic Energy-All delegates in attendance agreed to the use of atomic energy for peaceful purposes, and its role for backward nations was stressed.

(II) The 29 participating nations represented different economic interests and had different viewpoints. The economies of these nations, with the exception of our nation and the Democratic Republic of Vietnam, were subject to imperialist control by varying degrees. Although most nations were eager to achieve economic independence and develop industry, they did not have sufficient confidence or determination due to their political systems and their complicated international and domestic relations. In fact, as a result of prolonged colonial rule, the colonial economy has become entrenched and relies heavily on Western nations. It would be difficult to get rid of for the time being. If we had raised our tone too high, we would have become isolated and increased their misgivings, making it harder to increase cooperation and expand work in the peaceful regions. At the Conference, we mainly followed the guideline of seeking common ground while reserving differences, and promoted a consensus based on the common points with which everyone agreed. The results are as follows:

(1) The Conference revealed everyone's desire for economic cooperation on the basis of mutual respect for national sovereignty. Respect for national sovereignty means objecting imperialism's pillage and exploitation. We agreed to assistance outside the region under the principle of respect for sovereignty. Pakistan, Thailand, and the Philippines demanded that the Conference express appreciation for American assistance. India objected to this idea, arguing that it had received assistance not only from America but also from the Soviet Union. Finally, everyone agreed not to mention American assistance, and [we] would just say that assistance received from outside the region had made a valuable contribution to the development programs of certain nations.

(2) The participating countries agreed to provide technical assistance to one another, to the maximum extent practicable. This has opened up a path for Asian and African nations to exchange technology and experience in the future.

(3) It was agreed that efforts would be made to push the UN and other international

agencies to provide funds, as all Asian and African nations were short of funds and intra-regional assistance was hard to come by. Thailand and the Philippines emphasized the role of American assistance. Many countries were envious yet apprehensive about American assistance and therefore proposed assistance from international agencies as a compromise.

(4) The importance of promoting intra-regional trade was recognized. The exchange of trade delegations will be encouraged, and intra-regional trade fairs will be held. This will facilitate our trade with Asian and African nations in the future.

(5) The instability of the prices of and demand for raw materials was the biggest headache for many Asian and African nations. We used this point to propose stabilizing prices and the balance between supply and demand, thereby winning over these nations in the struggle for foreign trade.

(6) The vital significance of the use of nuclear energy for peaceful purposes. Thanks to India's push and our support, the request to provide for adequate representation of Asian and African countries on the executive authority of the International Energy Agency was adopted.

(7) The Conference agreed to the appointment of Liaison Officers in participating countries for the purpose of maintaining contact, and it was decided that there should be prior consultation of participating countries in international forums. This has pointed out the way for Asian and African nations to maintain contact and cooperate with one another in the future.

Although the resolution in the joint communiqué of the Conference relating to economic issues did not completely match our expectations, it did reaffirm everyone's common points. These common points have forged an ideological foundation for the promotion of the economic independence of Asian and African regions, and are helpful to our request to increase cooperation and expand peaceful regions. This is our gain.

(III) To cooperate with the activities at the Conference, we engaged in activities outside the Conference during the Conference period. We got in touch with Egypt and Syria. Egypt has agreed to send a trade delegation to our country in May or June, invited a delegation from our country, agreed to sign an inter-governmental trade agreement and payment agreement, and expressed willingness to consider the setup of a trade agency in each of our countries in the future. Syria has invited us to send trade representatives in August to attend the Damascus Exhibition. Our efforts to get in touch with five countries in Colombo have produced the following results: Indonesia has agreed to send a trade delegation to discuss a new trade agreement, and we have fully consulted with Indonesia's Ministry of Economic Affairs and Economic Federation (a private business organization) on the possibility of promoting bilateral trade. Ceylon has expressed the willingness to continue implementation of the five-year rice glue agreement and plans to send a delegation to negotiate a rice glue contract for 1956. India and Pakistan both welcome us to send a trade delegation. Pakistan has expressed interest in China's textile industrial equipment and building machinery. Burma has expressed willingness to purchase more Chinese goods, has confirmed its plans to buy textile machinery, and has expressed its hopes of starting negotiations for the rice-for-goods deal for 1955. The efforts to get in touch outside the Conference have enhanced mutual understanding and will facilitate future contact. Japan, Thailand, and the Philippines are still tightly controlled by American imperialists, and therefore, it is not the right time to establish inter-governmental trade ties. Japan's economic representatives did not dare to get in touch with us.

In addition, we have conducted some surveys in the Indonesian and Burmese markets. Preliminary findings indicate that

(1) Almost all goods in the market come from abroad;

(2) There is an excess of non-essential goods and luxury goods in the market. Despite the national government's ban on imports, these goods are imported and openly offered.

(3) America supports Japan and West Germany to make inroads into the market economically. America supports Japan in particular. Therefore, cheap Japanese goods fill the market.

(4) Indonesia's finances and prices fluctuate wildly, while Burma enjoys considerable stability. The Ministry of Foreign Trade will submit a separate report on this regard and on our countermeasures later.

(5) Due to our limited knowledge and inadequate experience, plus the tight schedule, our work has many shortcomings which need to be further summed up. The above is a brief report on the activities at the Conference.

Zhou Enlai
30 April 1955