February 13, 1965

Cable from the Chinese Ministry of Foreign Trade, 'Reporting the Situation of the Talks between the Premier and Kosygin concerning Trade'

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Summary:

The Ministry of Foreign Trade summarizes the trade issues discussed by Zhou Enlai and Kosygin.

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Telegram Sent from the Ministry of Foreign Trade

Sent to: Soviet Union

Reporting the Situation of the Talks between the Premier and Kosygin concerning Trade

To the Soviet Trade Expert Group and Embassy in the Soviet Union:

Our report on the situation of the Premier's talks with Kosygin on trade when the latter passed through Beijing after visiting Vietnam is as follows:

1) In regard to general trade between the two countries: The Premier said that trade between the two countries should be and can be developed. Previously there was the factor of loan repayment, and export volume was relatively large. Henceforth, other than this factor's portion of the export volume, the export volume will increase.

In addition, the Premier also spoke of signing a long-term trade agreement. As a long-term plan has yet to be decided, at present it cannot be negotiated. However, it is possible to sign long-term contracts for such specific products as wood and pork.

2) In regard to 66 turnkey equipment projects: The Premier said that, among 66 turnkey projects, some have been basically carried out and completed and that there are still more than 40 projects. Now the situation has changed, we no longer want them, and henceforth, if necessary, we will examine the issue again on a new basis. Kosygin answered that he agreed.

The Premier directed that, after a period of time, it would be possible to consider several projects proposed by the Soviet side as trial balloons, but the experts can no longer ask for them. In regard to the 66 turnkey projects, a memorandum will be put forward to the Soviet side. We are preparing this issue.

- 3) In regard to ordering military supplies: The Premier said that the military orders we proposed are all spare parts. The equipment is all imported from the Soviet Union and requires maintenance. Every year from now there will be a need for replacement parts. It is possible that the Soviet side no longer produces some of the spare parts. Kosygin said: "I have already approved your proposed product list. We can supply everything. There may be some things that we now no longer produce."
- 4) In the trade negotiations, please conscientiously carry out the spirit of the Premier's remarks.

Ministry of Foreign Trade 13 February 1965