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Formosa - Relations with Australia - General

FILE No. 519/3/11

BASEMENT
COMMONWEALTH OF AUSTRALIA.

PART III

Opened August 1957
Closed 13.8.1958

DEPARTMENT OF EXTERNAL AFFAIRS.

SECRET

WARNING
ARCHIVAL FILE
Return to Registrar
Archival Action R.P.

SUBJECT.

FORMOSA

Relations with Australia - General

BASEMENT

PREVIOUS FILE:

519/3/11 Part I and Part II

NEXT FILE:

Part IV

R.P.

RELATED PAPERS.

FILE No.

SUBJECT.

519/3/11

Visit of Australians to Formosa

TRANSIT SLIP

File No.....

File Passed to.....

From.....

Date.....

Please tear off and return to
Records Clerk.....Section.

TRANSIT SLIP

File No.....

File Passed to.....

From.....

Date.....

Please tear off and return to
Records Clerk.....Section.

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From.....

Date.....

please tear off and return to
Records Clerk.....Section.

TRANSIT SLIP

File No.....

File Passed to.....

From.....

Date.....

Please tear off and return to
Records Clerk.....Section.

Mr. Brennan
CONFIDENTIAL

EXTERNAL AFFAIRS

File No. 561/2/1 (file)

Date 18th August 1958 5/19/3/1

(Ordinary)

file 12/9

FOREIGN AFFAIRS COMMITTEE - 4.30 p.m. 14th August, 1958.

FOR

MINISTER
SECRETARY
MR. KEVIN
MR. PLIMSOLL
MR. FORSYTH
MR. QUINN

19/8

The Minister was present at the meeting.

2. The Chairman expressed to the Minister the Committee's concern over developments in Asia and their apprehension that the Government might not be giving enough consideration to them; in particular they regretted that -

- (a) the recent debate on foreign affairs had been confined to the Middle East;
- (b) there had been no discussion with the Committee of the forthcoming Commonwealth Economic Conference in Ottawa, decisions of which would be likely to have at least some bearing on the development of East-West trade;
- (c) the government had not agreed to establish a diplomatic mission in Taipeh;
- (d) the Bank of China and other Communist Chinese agencies were permitted to engage, unchecked, in subversion throughout South East Asia;
- (e) insufficient regard appeared to be given the threat of military attack by Indonesia on Netherlands New Guinea;
- (f) Committee members (particularly the Chairman), had not been able to obtain access to the Minister.

3. The Minister made the following points -

- (a) the fact that he had not been able to devote as much time recently to the Foreign Affairs Committee as he had done in the past, and as he would have liked, was simply that pressure of work made it impossible for him to spare the time (some Committee members suggested that this justified appointment of an Assistant Minister, or reorganization of the Minister's functions or of the Department).
- (b) With regard to Indonesia, Cabinet had authorized him to make certain proposals to the Netherlands, United States and United Kingdom (details of which he was not free to disclose) with the aim of deterring the Indonesians from military action against Netherlands New Guinea. He believed the need was to prevent such an attack, for if one occurred the result would be damaging to Australia whatever action the Government took.

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CONFIDENTIAL

- (c) Taipeh. Cabinet had considered the Committee's recommendation to establish a diplomatic mission in Taipei and had unanimously rejected it. They felt that there would be little to gain from it. Such a move after eight years might be regarded as unnecessarily provocative, and would be interpreted by many Asians as evidence that Australia is a "stooge" of the United States (several Committee members replied that only our enemies in Asia would be likely to take this view, whereas our friends would be encouraged).
- (d) Trade with Communist China. The Minister informed the Committee that he had recently authorized the export of some quantities of galvanised iron and thin sheet steel to China. The Government had no alternative but to agree to this. The material was in excess supply in Australia, and there was a likelihood of unemployment if it was not disposed of, while the company concerned (Lysaught's) would in any case have supplied the material from the United Kingdom. (Several members of the Committee urged that all trade with the Communist bloc was dangerous to the interests of democratic countries).

4. In the general conversation which ensued, members of the Committee urged a stronger and more positive anti-Communist policy on the part of the Government. While Australia could not do much on its own, it should endeavour to exercise what influence it had with its allies. The Minister said he believed there was little Australia could do that it was not doing already and that, in any case, there was little that the Western world could do to impede the economic development of Communist China.

T.W. Cutts
(T.W. Cutts)

CONFIDENTIAL

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Chinese Representation in the United Nations

At the last session of the General Assembly, the United States no longer sought a moratorium on discussion of the question of Chinese representation in the United Nations. When discussion took place Australia, together with the United States, Japan, Italy and Colombia, proposed that any change in the representation of China should be declared an "important question" under the Charter (and thus require a two-thirds majority for decision.) This motion was carried on 15th December 1961 by 61-34-7. A strongly worded Soviet resolution seeking to expel Formosa and seat Peking was rejected 37-48-19. An amendment by Cambodia, Ceylon and Indonesia which would have resulted in a resolution proposing the seating of Peking without explicitly saying that Formosa should be expelled was rejected 30-45-29.

2. Dr. Chen was one of the Chinese delegates to the United Nations last year and has discussed the voting with the Secretary and Mr. McNicol since his return. He felt that now the subject has been given an airing there is less probability of the vote going against the Nationalists. (In addition, the Nationalists at present claim that 54 of the 104 member states of the United Nations are in diplomatic relations with them.)

3. You may wish to assure Dr. Chen that we will continue to oppose actively any proposal to oust Nationalist China from the United Nations. We should be interested in Nationalist views on :

- (a) the prospects ~~for~~ ^f any country inscribing an item on Chinese representation this year. (In view of the results of the 1961 debate, and of the Sino-Soviet and Sino-Indian disputes, it is possible that no country ~~would~~ ^{will} see advantage in initiating a debate.)

CONFIDENTIAL

CONFIDENTIAL

2.

- (b) whether the Nationalists regard the precedent set by the passage of the "important question" resolution as binding on future Assemblies. (If it is not binding there will be a continuing danger that a simple majority might resolve to oust the Nationalists e.g. by refusing to accept their credentials.)

CONFIDENTIAL

CONFIDENTIAL

Australian Grain Sales to China and Conditions on the mainland

The Australian Wheat Board has recently concluded new contracts with mainland China for the sale of 600,000 tons of wheat on terms involving payment over 12 months (10% on shipment, 40% within 6 months, remainder within 12 months.)

2. If Dr. Chen raises the subject, you may wish to tell him that the sales are purely commercial transactions by the Wheat Board and that their conclusion in no way implies any form of recognition of Communist China by the Australian Government. We would not wish sales to be such as to make our wheat industry dependent on a market in mainland China, ^{*} ~~and there is no possibility of this.~~ Such sales as we have made are marginal to mainland China's own production and requirements and do not significantly assist the Communist regime in its present economic difficulties; they may however assist in keeping some of the Chinese people alive.

3. You may wish to ask Dr. Chen for his views on the economic situation in mainland China. We believe that grain production in 1961 was slightly above that in 1960, but less than in 1957 when there were over 50 million fewer people to feed. Industrial production fell off in 1961 and the rate of industrial growth has slowed down considerably. Moreover, it appears that the regime cannot yet announce production figures for 1960 and 1961 or plans for the future; such announcements were due to be made at the 1961 National People's Congress which was postponed, without explanation, from 5th March until (probably) later this month. It is possible that the Communist regime postponed the Congress in order to study any statements made at the meeting of the Central Committee of the Communist Party of the Soviet Union which began on 5th March. The regime may have thought this prudent in the present state of Sino-Soviet relations.

(* For your information, Communist China bought about 25% of Australia's total wheat exports in 1960/61.)

CONFIDENTIAL

CONFIDENTIAL

519/2/1

15th August, 1958.

ASIAN VISITS - MR. GEORGE YEH

THE MINISTER

It has been proposed by the Foreign Affairs Committee that Mr. George Yeh, former Foreign Minister of Nationalist China, be invited to visit Australia under the Asian Visits Fund. Having recently been released from the position of Foreign Minister he might now be available to visit Australia before taking up his next appointment.

2. This visit, if it eventuates, will differ somewhat from the general run of Asian Visits. Yeh is already committed to the West and we cannot hope to gain much among uncommitted Asians through the exercise. However, it will give an eloquent exponent of the Nationalist Chinese case an opportunity to explain that case to Australians and may counter some of the notions favourable to the Peking regime now current in Australia.

3. We are heavily committed for the remainder of this month and for the first half of September; but in the second half of that month or in October a visit could be arranged without great difficulty. If the visit is to take place after the elections, early February would be a suitable time.

4. I see some danger in inviting Yeh to visit Australia shortly before the forthcoming general elections. He might well become a controversial figure and embarrass the Government in relation to its policies towards China. You might, therefore, prefer to inform the Foreign Affairs Committee that you agree in principle to the visit, and to extend an invitation (through the Chinese Charge d'Affaires in Canberra) for a visit early in 1959 (when he may not be available).

Estimated Cost

5.	First class return air fares	£400 (£398.10)
	Internal air fares	100
	Road transport	150
	Accommodation for 3 weeks	
	@ £5 per day	100
	Entertainment	100
	Total	£850

Finance

6. An amount of £25,000 has been included in the estimates for 1958/59 and subject to eventual appropriation by Parliament the funds can be made available, either by anticipating cancellations and postponements or, if necessary, by postponing the visit of one of the Malayan Ministers for which provision has been made.

7. Your direction on this proposal is requested.

(J.C.G. Kevin)
Assistant Secretary

T.W. Cutts
Information Branch.

CONFIDENTIAL

Mr. Marshall
Information
Branch consulted
me about this
& spoke to
Mr. Hinsoell
whose views are
reflected in

Para 4.

15/8

Seen

19/8
File
Chase - New China

CHINESE NATIONALIST PARTY MEETING IN SYDNEY.

I have discussed with Mr. Body the question of whether any action can be taken to prevent meetings taking place, such as the recent meeting in Sydney of members of the Chinese Nationalist Party. The question also arose as to whether visas should be granted to visitors wishing to attend such conferences and applying for visas from other countries.

2. Mr. Body and I have concluded that Government action cannot properly be taken to prevent meetings of political groups whose members reside in Australia, provided such groups are not concerned with any action which might be subversive or prejudicial to public order. Similarly, there appears to be no ground upon which meetings could be prevented if participants are not concerned with advocating the overthrow of duly constituted friendly governments. Moreover, there appears to be no grounds upon which visas can be withheld from applicants who wish to visit Australia to attend political gatherings and whose credentials are fully in order and qualify them for the grant of visas in the normal course.

3. We agreed that questions relating to conferences of political parties lay within the competence of the normal law enforcing agencies of the State and that the time at which action could be taken was when unlawful action was taken or the intention to take it became manifest.

MR. BRENNAN
" PLIMSOLE
" HILL
→ M. Austin
See Marshall 7/6/58
7-8
8/12

[Handwritten signature]
3/7

JMCM/APW

3rd July, 1958.

to Mr Marshall
E. Asia.
for 3/7

EXTERNAL AFFAIRS.

File No.....519/3/1.....

Date...24th June, 1958.

SUBJECT CHINESE NATIONALIST PARTY MEETING IN SYDNEY.

FOR...EAST ASIA.....

The attached draft printergram has not been sent. Please see Mr. Plimsoll's note on page 2 of the draft.


2. Please return these papers to Consular and Protocol Branch so that the general principles of the issue involved may be reviewed.


J. M. McMillan

Seen.

- 1. ~~Mr Hall~~ *m*
- 2. " ~~Brennan~~ *25/6*
- 3. C.P. *4/25/6*

JMCM/APW

R/S on a file

25/6

PRINTERGRAM.

No.....

To.....The Director A.S.I.C. Melbourne

BRANCH East Asia

From.....Secretary External Affairs Canberra

FILE No.....18th June
519/3/1

Chinese Nationalist Party Meeting in Sydney

Your attention is drawn to a Chinese Nationalist Party meeting that apparently is to open in Sydney around 24th June. You possibly are already informed of this event.

Our information suggests that this is related to a revival of an organisation in Sydney with Kuomintang (Chinese Nationalist Party) affiliations. It seems that the organisation has largely been defunct in recent years but the attempt is being made to revive it to meet the challenge of other and Communist-inspired Chinese groups in Sydney such as the China Youth Club. Delegates to the forthcoming meeting may be drawn from Chinese communities in Australia and surrounding areas including Australian territories, Fiji and New Zealand.

The Chinese Embassy in Canberra is aware of the meeting and members of the Embassy including the Minister will be associated with it.

~~Mr. [unclear]~~
For comment
4/6. 19/6
See review

Two delegates from New Zealand applied for visas and as we could see no grounds on which we could object we advised Immigration that we had no objections and visas were issued.

Mr. [unclear]
Should you
frankly
take
over?
4/6
24/6

We would nevertheless appreciate any views you may have on this organisation and its activities. Practical difficulties might be

APPROVED BY.....

DATE 18th June

OPERATOR.....

foreseen if the national party of a foreign state is able to hold political gatherings in Australia. For example, foreign Communist parties might claim an equal right to hold political gatherings for immigrants of their nationality who have not yet become naturalised. On the other hand we are inclined to doubt whether on legal grounds this sort of activity can or should be resisted. Moreover the forthcoming Chinese meeting is apparently as we have stated a revival of a previous activity.

East-Asia
C + P

It is now too late to do anything about this — it is 24th June when the conference is beginning. There are two questions:

- (a) should we allow (and can we prevent) meetings in Australia of foreign political parties (attended by foreign nationals, and possibly by Australian citizens); and
- (b) should visas be granted to enable overseas nationals to attend such meetings in Australia?

Since it is too late to do anything about this particular case, I shall leave it to Mr Kevin and C + P to decide whether the present principles are clear enough, or whether we should clarify our policy.

J. Kingsley
24/6/58

Seen
4/7/58 25/6

EXTERNAL AFFAIRS.

File No.....

Date.....

4107.

SUBJECT

FOR Mr Marshall

Section 30 of the Commonwealth
Criminal Act (with its various parts A to R)
could well affect the position of
foreign party meetings in Australia.

Any body of persons which by its
constitution or propaganda or otherwise
advocates or encourages the
overthrow by force or violence of
the established government of the
Commonwealth or of a State or
of any other civilized country
or of organized government

is an unlawful association, with
consequent restrictions on penalties.

Section 30c deals with individuals
who encourage similar acts, and
contains penalties too.

In a particular case it may
be difficult to ^{enforce} apply these
provisions, but their existence
may be of interest.

and

EXTERNAL AFFAIRS.

File No.....519/3/1.....

Date.....17th June, 1958.....

SUBJECT

CHINESE NATIONALIST PARTY MEETING IN SYDNEY

FOR *13/6* MR BRENNAN

I am not at all happy about the Chinese Nationalist Party holding a meeting in Sydney.

2. Would you please have a look at it again and see what precedents there are for foreign political parties holding meetings in Australia. This may be an accepted practice in international law, provided it is limited to foreign nationals, i.e., in this case if it is attended only by Chinese nationals and not by anyone who is an Australian citizen.

3. But if a meeting can be held of the Chinese Nationalist Party, does it not constitute a precedent for other meetings, for example of the Polish Communist Party for Polish immigrants who have not yet become naturalized Australians?

4. Has ASIO expressed any views? I assume that they are aware of the meeting.

J. Plimsoll
(J. Plimsoll)
Assistant Secretary
Division 1.

Mr. Marshall

dr

EXTERNAL AFFAIRS.

File No. 519/3/1
Date 12th June 1958

SUBJECT Chinese Nationalist Party Meeting in Sydney

FOR Mr. Brennan
C&P

There is apparently to be a Chinese National (or Nationalist) Party meeting in Sydney around 24th June.

Return to H.M. pls

Applications for visas to attend have come from New Zealand.

I have checked with Mr. Liu of the Chinese Embassy in Canberra and find that this seems to be related to a revival of an organisation in Sydney with Kuomintang (Chinese Nationalist Party) affiliations.

The Chinese Minister, Dr. Chen, will probably attend the Sydney meeting.

Mr. Liu himself is a member, though, like all members it appears, in arrears with dues.

It seems that the organisation has been defunct to a large extent for some years. Attempts are now being made to revive it, particularly to meet the challenge of other -- and Communist inspired -- Chinese groups in Sydney, such as the China Youth Club.

The meeting brings together members of the Chinese communities in Australia and thereabouts, taking in Australian cities, Rabaul, Fiji, Wellington and so on.

We would of course have no objections to attendance by delegates from Wellington and other places.

(H. Marshall)
East Asia

Mr Wood of Immigration advised that we have no objection re issue of visas. C&P 12/6/58.

MR. P. L. Moll - to read.

dm 12/6

DEPARTMENT OF EXTERNAL AFFAIRS.
OUTWARD CABLEGRAM.

HD:HB

0.7695

Dated: 13th June, 1958.
2115

TO:

Australian Trade Commission,
AUCKLAND.

20. UNCLASSIFIED

From Immigration.

Your 19 Rev. Chau and Ng King Ying.

Tourist visas may issue.

IMMIGRATION (58/66050)
E.A.
P.M's.

(Cost 8/6)
17th June, 1958.

SEC A/Ss LA PAC&AM EA INF C&P

519/3/1.


24th June, 1958.

CHINESE NATIONALIST PARTY MEETING IN SYDNEY.

EAST ASIA.

The attached draft printergram has not been sent. Please see Mr. Plimsoll's note on page 2 of the draft.

2. Please return these papers to Consular and Protocol Branch so that the general principles of the issue involved may be reviewed.


J. M. McMillan

JMcM/APW



F-519/3/1

DEPARTMENT OF EXTERNAL AFFAIRS.
INWARD CABLEGRAM.

Seen
File 4/11/58

MM:CM

I.9575

Dated: 10th June, 1958.
1845
Rec'd: 11th June, 1958.
0830

FROM:

Australian Embassy,
BONN (via London)

100. UNCLASSIFIED

From Cumes.

Attitude towards Formosan membership of the International Rubber Study Group follows the customary line, with the United Kingdom rather regretfully opposing, and the United States pressing strongly for immediate membership. A proposal is being canvassed to postpone a decision perhaps for 1 year and I will support this unless otherwise instructed. If a decision is taken at present meeting I shall, of course, vote with the United States.

Mr. Marshall
Mr. Trenchard & Mr. Shinnell
both agree we should support
~~immediate decision~~ administration
11th June, 1958.
but that if U.S. agrees to
deferment we can support.
E.R. is informing Cumes
H.S. 11/6

- MIN. & DEPT. E.A.
- MIN. & DEPT. TRADE (C-M)
- MIN. & DEPT. PRIMARY INDUSTRY (C-M)
- MIN. & DEPT. TERRITORIES
- MIN. & DEPT. N.D.
- P.M'S

SEC A/Ss LA UN ER PAC&AM EA AM&SP S&SEA SEA E.AF&ME
E INF
G

file

SECRET

CONFIDENTIAL

~~RESTRICTED~~

File No. *519/3/1*

Memorandum No. *378*

11. 6. 58

To:- *External Affairs Officer,
London*

RECORD OF CONVERSATION

..... Attached for your information is a copy of a
record of conversation between *The Secretary, Mr. Marshall*
and *Dr. Chen Tai Chen, Chinese Minister*
on *22nd May 1958*.

In haste
for the Secretary.

F-519/3/1
File 4-11/6

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD CABLEGRAM.

MM:CM

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MIN. & DEPT. E.A.
MIN. & DEPT. TRADE (C-M)
MIN. & DEPT. PRIMARY INDUSTRY (C-M)
MIN. & DEPT. TERRITORIES
MIN. & DEPT. N.D.
P.M'S

11th June, 1958.

SEC A/Ss LA UN ER PAC&AM EA AM&SP S&SEA SEA E.AF&ME
E INF
G

No. 243

519/3/1

5th June, 1958.

Australian High Commission,
WELLINGTON.

Communist Chinese Trade Delegation in Australia.

You will know of the presence in Australia of a trade delegation from Communist China. It arrived on 11th May, and is due to stay here two months.

- (See 3107/38/11/2)
2. We attach copy of a Trade memorandum of 6th May, which sets out the official Australian attitude towards the delegation and the handling of it while in Australia.
 3. Also attached is a copy of a record of conversation of 22nd May between the Chinese Minister in Canberra and the Secretary in which this matter was raised.
 4. We understand that the delegation has shown interest in making a visit to New Zealand while in this area. The information in this memorandum may therefore assist you in any discussions you may happen to have with the New Zealand authorities on this matter.

(Keith Brennan)
for the Secretary.

519/3/1

5th June, 1958.

No. 243

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WELLINGTON.

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Dr. Cunningham

CAP

Copy has gone to E.R.

to see

KB 5/6/58

KB

4th 5/6

(Keith Brennan)
for the Secretary.

F.

IP/BD

OUTWARD CABLEGRAM.

Sent: 4th June, 1958
1845

F-519/3/1

TO:

Australian Consulate-General,
GENEVA. 244.

Repeated:
Australian High Commission,
LONDON (For External) 1199.

RESTRICTED.

Your 298 - U.N.R.E.F.

Your instructions to support United Kingdom on proposal for Chinese membership will stand if question comes to a vote in this form. If United Kingdom delegation, however, are inclined to avoid clash with United States on their revised proposal recommending that ECO.SOC should elect additional member "from the Far Eastern area" you could abstain. If United Kingdom delegation do not see great objection you could support, making it known to Americans that this would not mean that we would favour selection of China by ECO.SOC.

IP/BD

Sent: 4th June, 1958
1845

(Cost £23.15.0)

5th June, 1958

MIN. & DEPT. E.A. (861/8/5/7)
MIN. & DEPT. IMMIGRATION
P.M.'S.

GENEVA. 244.

Repeated:

SEC A/Ss LA UN@ PAC&AM EA EAF&ME E INF DL C&P

(file) *dm*
6/6

CONFIDENTIAL

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD CABLEGRAM.

I.9085

Sent: 3rd June, 1958
1902
Rec'd: 4th June, 1958
0830

SS/BD

FROM:

Australian Consulate-General,
GENEVA.

F - 519/3/1

298. CONFIDENTIAL.

U.N.R.E.F. Your 232.

United States Delegate McCollom has been looking for assistance on this issue. He is under instructions to press strongly for Chinese membership because of a possible weakening of support in Congress for U.N.R.E.F. arising from reactions of China lobby to the omission of China and the election of Yugoslavia to the New Committee. Possibility is that a resolution recommending the addition of China by name would carry by the barest majority. In an effort to avoid a narrow majority McCollom is considering proposing a draft resolution recommending that ECO.SOC should elect additional member "from the Far Eastern Area" to make up the 25 allowed for in General Assembly Resolution 1166, in order to give effect to the requirement contained in Resolution 1166 that the Committee should be constituted on the widest possible geographical basis. He is confident that such a draft resolution would get greater support than a straight proposal to add China.

2. Grateful for instructions tomorrow whether we could support such an alternative proposal.

MIN. & DEPT. E.A. (86198/5/7)
MIN. & DEPT. IMMIGRATION
P.M'S.

4th June, 1958

SEC 4/Ss LA UNO PAC&AM EA EAP&ME E INF DL C&P

M. Marshall

*We have no wish to press for China.
This is question for U.N. to work out
in view of conflict of interest in UNREF*

CONFIDENTIAL

M.S.

Yes. dhu. 5/6

File #

CONFIDENTIAL

DEPARTMENT OF EXTERNAL AFFAIRS.

OUTWARD CABLEGRAM.

BD:FPG

0.6962

Sent: 30th May, 1958.
1130

F-519/3/1

TO:

Australian Consulate-General,
GENEVA. 232

Repeated:

Australian High Commission,
LONDON (For External) 1133.

Australian Mission to United Nations,
NEW YORK. 266

CONFIDENTIAL.

U.N.R.E.F.

United States will propose at Executive Committee that Republic of China be a member. They point out that Committee set up by Eco. Soc. at its last session does not include an Asian country and state that had Eco. Soc. decided that there be 25 members instead of 24 (as it could have done under G.A. Resolution) China would have been elected.

2. Background from New York and United Kingdom attitude is being forwarded to you by savingram from External London.

3. You should support United Kingdom view that Executive Committee should not elect China as a member.

(Cost: £26.16. 8.)

30th May, 1958.

MIN & DEPT E.A. (861/8/5/7)
IMMIGRATION
P.M.'S.

SEC A/Ss LA UN PAC&AM EA E.A.F&ME E INF DL C&P

CONFIDENTIAL

519/3/1

28th May, 1958

The Secretary,
Prime Minister's Department,
CANBERRA A.C.T.

Communist Chinese Trade Delegation

.... Attached for your information is copy of a record of conversation of 22nd May between the Secretary of this Department and the Chinese Minister in Canberra regarding in particular the question of the Chinese Communist trade delegation at present in Australia.

2. Copies of this record have also been sent to the Departments of Trade, Primary Industry and Immigration, as well as to A.S.I.O.

(H. MARSHALL)
for The Secretary

CONFIDENTIAL

F - 519/3/1

Mr Marshall

The initiative to get the
Chinats in UNREF seems to
come from the US.

It is a custom that
the big five should be ex-
officio members of UN agencies.

On the other hand,
the UK point out that the
USSR doesn't happen to
be on UNREF either.

If this really upsets
the British, might we not
wish to suggest to the US
that they let sleeping dogs lie?

Positive support for UK.

has been cleared with

HGB + JP + UN has been advised

29/5

Don 28-5

DEPARTMENT OF EXTERNAL AFFAIRS
CONFIDENTIAL
INWARD CABLEGRAM.

MMc

I.8628

Dated: 27th May 1958
1940
Rec'd: 28th May 1958
0830

FROM:

Australian High Commission,
L O N D O N.

1398. CONFIDENTIAL.

Repeated saving Geneva EX.12, New York EX.99.

From External.

Our 1396. U.N.R.E.F. Committee.

United Nations Department Foreign Office adds the following points today.

1. They are not convinced by the United States argument that five permanent members of Security Council should be represented on the Boards of Main United Nations Agencies : No one has suggested that the Russians be added to the U.N.R.E.F. Committee. The addition of Nationalist China would give rise to political controversy and spoil the prevailing atmosphere of practical co-operation.
2. The Chinese have made very little contribution to the refugee problem. Their presence on the Executive Committee could have political repercussions in Hong Kong.
3. The United Kingdom will lobby against the United States but would prefer to avoid open battle. They hope we may at least abstain.

MIN. & DEPT. E.A.
MIN. & DEPT. IMMIGRATION.
P.M.'s.

28th May, 1958.

SEC A/Ss LA UN@ ER PAC&AM EA AM&SP S&SEA
E.AF&ME E INF C&P

G

CONFIDENTIAL

CONFIDENTIAL
INWARD CABLEGRAM.

I. 8552.

SHA:MP

Dated: 26th May, 1958.
1650.
Rec'd: 27th May, 1958.
0944.

(via leased channel)

FROM:

Australian Mission to United Nations,
NEW YORK.NY 360. CONFIDENTIAL PRIORITYRepeated Washington for information repeated London (for
External) cable 35.U. N. R. E. F. COMMITTEE.

Your 245.

Canadian Delegation told us that the last session of Eco.Soc. decided that there should be 24 instead of 25 members of the Committee because it was known privately that France was opposed to the Tunisian membership, the United Kingdom to China's and the United States to Yugoslavia's and 24 was the number which seemed to suit their combined interests. (However, both Tunisia and Yugoslavia succeeded in being elected) and while China got eleven votes it was unsuccessful. This number was also chosen so that should an emergency refugee situation arise anywhere in the future there would be a position for a further state to be elected to the Committee.

2. The United Kingdom Delegation confirm that the United Kingdom are opposed to the Chinese membership of U.N.R.E.F. largely because, in their view, China has made little contribution to a solution of the refugee problem, and because it would be embarrassing to them politically to be obliged to vote for a resolution adding China to the Committee. They will lobby against the United States proposal.

3. The United States Delegation have indicated to us that at present there is some but not a majority support amongst U.N.R.E.F. members for their proposal.

4. Both the United Kingdom and the United States Delegations would appreciate an indication of your views. Grateful if you would keep us informed.

MIN.&DEPT. E.A.
P.M's

27th May, 1958.

SEC A/Ss LA UN AM&SP INF C&P

G

CONFIDENTIAL*Mr. Marshall*
for

F File No. 519/3/1

EXTERNAL AFFAIRS.

Record of Conversation with Mr. R. E. Hoey, First Secretary, American Embassy.

on May 27th, 1958

Officers Present Mr. D. J. Munro

MAIN SUBJECT(S): **MEMBERSHIP OF TAIWAN IN THE INTERNATIONAL RUBBER STUDY GROUP.**

Mr. Hoey referred to the candidacy of the Republic of China for membership of the International Rubber Study Group which is to meet in Hamburg on June 9th. Mr. Hoey said that the U.S. strongly supported the application; the Republic of China was a large consumer of rubber, importing almost as much as Denmark, Austria and Hungary, who were members of the Rubber Study Group.

2. Mr. Hoey expressed the hope that Australia would support the application.

3. I told Mr. Hoey that the Australian delegate to the meeting of the Rubber Study Group in Hamburg had been instructed to vote in support of the application if it came to a vote. We had outlined to the Australian delegate the interest of Taiwan in rubber, taking the line that its interest would meet the requirement of a "substantial" interest which had been liberally interpreted in the past in relation to other countries.

Mr. Marshall
fm 5/6
con 5-6

DISTRIBUTION :

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|------------|--------------|--------------------|-----------------|-----------------|-------------------|
| Minister. | A/S C.R. | Central Br. | D.L. & P.I. Br. | E. & T.A. Br. | Admin. Branch. |
| Secretary. | A/S Admin. | <u>Pacific Br.</u> | U.N. Branch. | C. & P. Br. | Antarctic Div. |
| A/S U.N. | L. & T. Div. | Western Br. | E.R. Branch. | C'wealth. Rels. | Melbourne Office. |
| | | | | | Sydney Office. |

A/S DIV. II.
FOLLOWING POST(S):

ACTION :

2960/55.

Washington

Department of ~~XXXXXX~~ Supply.

Report prepared by.....

(D. J. Munro)

17 June 2/6/58
DJMow
5/6

HSN /AD.

CONFIDENTIAL.

27th May, 1958.

519/3/1

The Secretary,
Department of Immigration,
CANBERRA.

(Attention Mr. Brooks)

TRADE UNION DELEGATION FROM FORMOSA COMMUNIST CHINESE
TRADE DELEGATION IN AUSTRALIA.

Forwarded for your information is a Record of
Conversation which took place between the Secretary of this
Department and the Chinese Minister of 22nd May, 1958.

(H.S. North)
for the Secretary.

CONFIDENTIAL.

file

SECRET

CONFIDENTIAL

~~RESTRICTED~~

File No. 579/31.

Memorandum No.

26. 5. 58.

Kang Kang 54
To:- Tokyo 361
Washington 363

RECORD OF CONVERSATION

..... Attached for your information is a copy of a
record of conversation between The Secretary of State Marshall
and Dr. Chen Lai che, Chinese Minister
on 22nd May 1958.

Inance.
for the Secretary.

CONFIDENTIAL

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD CABLEGRAM. I. 8485.

Dated: 24th May, 1958.
1620.
Rec'd: 25th May, 1958.
0900.

NMC:MP

FROM:

Australian High Commission,
LONDON.

1396. CONFIDENTIAL PRIORITY

Repeated Savingram Geneva.

Your 1090 UN.R.E.F.

1. The Foreign Office advise that the United Kingdom is strongly opposed to membership of the Republic of China, mainly on the ground that it would give them a locus standi in the Hong Kong refugee problem and otherwise complicate matters there. The United Kingdom have been making strong representations in Washington but do not expect these to be successful and are preparing to muster all available voting strength. They would appreciate Australian support. They do not propose any alternative candidate but think the place should be kept vacant.

2. Above from Duty Officer United Nations Department. Any further details on Tuesday (after Whitsun Holiday).

MIN.&DEPT. E.A.
P.M's

25th May, 1958.

SEC A/Ss IA UN@ ER PAC&AM EA AM&SP S&SEA
E.A.F&ME E INF C&P

Mr. Marshall

Please discuss with U.N. Branch

ms. 23/5

Mr. Hill

Could you please take up with UN, & let me know result.

dm. 26/5

CONFIDENTIAL

CONFIDENTIAL

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD CABLEGRAM.

I. 8485.

Dated: 24th May, 1958.
1620.
Rec'd: 25th May, 1958.
0900.

MMC:MP

F - { 519/3/1
~~530/2/3~~

FROM:

Australian High Commission,
LONDON.

1396. CONFIDENTIAL PRIORITY

Repeated Savingram Geneva.

Your 1090 UN.R.E.F.

1. The Foreign Office advise that the United Kingdom is strongly opposed to membership of the Republic of China, mainly on the ground that it would give them a locus standi in the Hong Kong refugee problem and otherwise complicate matters there. The United Kingdom have been making strong representations in Washington but do not expect these to be successful and are preparing to muster all available voting strength. They would appreciate Australian support. They do not propose any alternative candidate but think the place should be kept vacant.

2. Above from Duty Officer United Nations Department. Any further details on Tuesday (after Whitsun Holiday).

MIN.&DEPT. E.A.
P.M's

25th May, 1958.

SEC A/Ss LA UN@ ER PAC&AM EA AM&SP S&SEA
E.A.F&ME E INF C&P

*see discussing with UN
for*

CONFIDENTIAL

OUTWARD CABLEGRAM.

MP:HP

0.6703
Sent: 24th May, 1958.
1500

TO:

Australian High Commission,
L O N D O N.

1090. RESTRICTED. PRIORITY.

Americans will propose membership of Republic
of China on U.N.R.E.F. Executive Committee when Committee
meets in Geneva on 2nd June.

Please advise United Kingdom views.

Min. & Dept. E.A.
P.M.'s.

Cost - £3.8.4.

26th May, 1958.

SEC A/Ss LA UN ER PAC&AM EA AM&SP S&SEA EAF&ME E
INF C&P

Mr. Hill

cfm

DEPARTMENT OF EXTERNAL AFFAIRS
RESTRICTED
OUTWARD CABLEGRAM.

C.6704

Sent: 24th May, 1958
1442

MP/BD

Transmitted via leased
channel

TC:

Australian Mission to the United Nations,
NEW YORK.

245. RESTRICTED. PRIORITY.

When Executive Committee of U.N.R.E.F. meets in Geneva on 2nd June, Americans will propose that Republic of China be a member. They point out Committee set up by ECO.SOC. at its last session does not include an Asian country and state that had ECO.SOC decided that there be 25 members instead of 24 (as it could have done under G.A. resolution) China would have been elected.

2. Would appreciate background on this. Americans here understand that United Kingdom does not favour Chinese membership because of question of Chinese refugees in Hong Kong.

MIN. & DEPT. E.A.
P.M'S.

26th May, 1958

SEC A/Ss LA UN PAC&AM AM&SP INF C&P

~~Mr. Marshall~~
Mr. Hill

H

CONFIDENTIAL

File No 519/3/1

EXTERNAL AFFAIRS.

(Copy on 3107/38/11/2)

Record of Conversation with Dr. Chen Tai Chu Chinese Minister

on 22nd May, 1958.

(Action re distribution on 5/9/58)

Officers Present The Secretary

Mr. Marshall

MAIN SUBJECT(S):

- 1. Trade Union Delegation from Formosa.
- 2. Communist Chinese trade delegation in Australia.

1. Trade Union Delegation

The Secretary asked Dr. Chen how the visit of the Chinese trade union delegation had gone. Dr. Chen replied that he felt it had been a very successful visit. The delegation had now gone on to New Zealand (an extension arranged in Australia), and were then to proceed to the I.L.O. meeting in Geneva. The Secretary asked if the delegation had met any controversy with the unions. Dr. Chen said that they had not. In Brisbane the former Labour Premier Mr. Gair had written an article favourable to the visit and the Republic of China, which a Labour member in the Queensland Parliament, Mr. Donald, had critically attacked.

2. Communist Chinese Trade delegation in Australia.

Dr. Chen said that the purpose of his visit was to raise the matter of the trade delegation from Communist China that was at present in Australia.

He observed that Communist China used trade to dangle as a bait for political purposes. Communist Chinese trade was 80% with the Soviet bloc, 10% with "neutrals" and 10% with the rest. Peking had little to export apart from certain foodstuffs and primary products, and lacked the exchange to pay for imports. Its Soviet trade was on a credit basis. Dr. Chen illustrated the Chinese Communist tactic of exploiting the trade issue for political purposes by reference to Japan's recent experience with the fourth private trade agreement with Communist China. The proposed establishment of a communist trade mission in Japan with the right to fly its national flag had raised an acute issue for the Japanese Government. Dr. Chen said that his own government had taken up this matter with the Japanese Government as a result of which the Japanese Government would give the Chinese Communists no guarantee of security or protection for their flag. Consequently the agreement was suspended.

In reply to the Secretary, Dr. Chen agreed that the Chinese Communist action was probably linked to the Japanese elections that were about to take place.

Dr. Chen also suggested that the Chinese Communists had lately changed their tactics, and were concentrating on infiltration and subversion as a means of spreading their

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A/S U.N.	L. & T. Div.	Western Br.	E.R. Branch.	C'wealth. Rels.	Melbourne Office.
					Sydney Office.

FOLLOWING POST(S):

Report prepared by.....

ACTION:

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influence and undermining other countries. They used trade missions for carrying out these objectives. With regard to the present communist mission in Australia, his Government had information that it intended to stay for six months and to establish an office in Australia. He also understood that it would concern itself with infiltration and subversion. In reply to the Secretary, he said that these activities would be associated with Chinese in Australia and local communist groups.

The Secretary said that the Australian Government had been very careful to make its position quite clear in relation to the Chinese communist trade mission. He read out to Dr. Chen the main points made by Mr. McEwen, the Minister for Trade, in the House of Representatives on 15th May in reply to a question on the subject. The Secretary himself stressed that the mission had not been invited by the Australian Government but by private trading interests, that there would be no official negotiations with it, and that very careful instructions had been given to all officials and authorities about the visit and how it should be handled.

As to the mission's intention to stay six months and set up an office, the Secretary said that he had no knowledge of these. According to his information the mission was due to spend eight weeks in Australia, and he did not know on what basis its entry permit had been issued. He would have these points looked into.

The Secretary also said that the Australian authorities were well aware of the possibility that members of the mission might engage in activities outside the field of trade. We had competent authorities to watch this sort of thing, and he had no doubt that they would be vigilant with regard to the present mission's activities. The Secretary said also that the Australian authorities were well aware of the aims of the Chinese communists to do anything they could to move other countries in the direction of recognition.

The Secretary stated that he would not like to say off-hand what the Australian attitude would be if the mission wished to stay longer than the suggested eight weeks. This would have to be looked at in the light of whether the extension was related to engagement in purely trading activities.

Dr. Chen expressed his appreciation of the official attitude of the Australian Government to the communist mission. He again said that he wished to emphasize that the prospects of trade with mainland China were "limited" for Australia. The so-called China market generally was a "myth". People were misled by reason of China's huge population. The Chinese communists were constantly using the allure of trade and the tactic of trade missions to obtain political objectives. The Secretary replied that our own studies had convinced us that this was true. Cabinet itself fully understood the position with regard to trade with mainland China.

Dr. Chen suggested that he would not have wished to take up the matter of the communist trade mission had its stay been for only three or four weeks. But he was seriously disturbed by the information he had that it intended to stay for as long as six months and for the purposes of infiltration

CONFIDENTIAL

-3-

and subversion. Mr. Casey himself had frequently spoken of the problem of subversion. He asked the Secretary to inform Mr. Casey of his Government's present representations.

The Secretary agreed that the Australian authorities were concerned with the problem of subversion. He realised that the matter raised by Dr. Chen would concern the Chinese Government. It would also, and probably more so, concern the Australian Government. He would of course inform Mr. Casey of Dr. Chen's representations. He could not say what particular action would be taken as a result of these. It would be a matter for decision by the Australian authorities, who would certainly act on the Chinese representations and inform them selves further about the character of the communist trade mission and whether their intentions are activities went beyond purely trading interests.

Dr. Chen also said that he was concerned not only about Australian Government's reaction but also about the position of Australian businessman. The visiting Chinese communists would be seeking to impress these businessmen and would ask them to prevail upon the government to change its attitude towards mainland China. The Secretary said that he appreciated this point also; but reminded Dr. Chen of the Ministerial observation to Parliament that the Government had confidence in the good sense of Australians who had dealings with Communist Chinese.

Before Dr. Chen departed, the Secretary told him that he and his wife and learned with much regret of the recent death of Mrs. Chang Min-lin, wife of the Chairman of the Joint Commission on Rural Reconstruction, with whom they had lunched during their visit to Taipei in October last.

Report prepared by
(H. Marshall)

Distribution:

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		Washington
		Tokyo
		Wellington
		London.

CONFIDENTIAL

519/3/1

EXTERNAL AFFAIRS

Record of Conversation with Dr. Chen Tai Chü, Chinese Minister
on 22nd May, 1958

Officers Present : The Secretary
Mr. Marshall

Subjects : 1. Trade Union Delegation from Formosa.
2. Communist Chinese trade delegation in Australia.

1. Trade Union Delegation

The Secretary asked Dr. Chen how the visit of the Chinese trade union delegation had gone. Dr. Chen replied that he felt it had been a very successful visit. The delegation had now gone on to New Zealand (an extension arranged in Australia), and were then to proceed to the I.L.O. meeting in Geneva. The Secretary asked if the delegation had met any controversy with the unions. Dr. Chen said that they had not. In Brisbane the former Labour Premier Mr. Gaillard had written an article favourable to the visit and the Representative of China, which a Labour member in the Queensland Parliament, Mr. Donald, had critically attacked.

2. Communist Chinese Trade Delegation in Australia

Dr. Chen said that the purpose of his visit was to raise the matter of the trade delegation from Communist China that was at present in Australia.

He observed that Communist China used trade as a bait for political purposes. Communist trade was 80% with the Soviet bloc, 10% with "neutral" countries and 10% with the rest. Peking had little to export apart from certain foodstuffs and primary products, and lacked the means of exchange to pay for imports. Its Soviet trade was on a credit basis. Dr. Chen illustrated the Chinese Communist tactic of exploiting the trade issue for political purposes by reference to Japan's recent experience with the private trade agreement with Communist China. The establishment of a communist trade mission in Japan, which had the right to fly its national flag had raised an acute issue with the Japanese Government. Dr. Chen said that his government had taken up this matter with the Japanese Government as a result of which the Japanese Government would not allow Chinese Communists no guarantee of security of their flag. Consequently the agreement was not signed.

In reply to the Secretary, Dr. Chen said that Communist Chinese Communist action was probably linked with the elections that were about to take place.

Dr. Chen also suggested that the Chinese had lately changed their tactics, and were using infiltration and subversion as a means of gaining influence and undermining other countries. He said that the Chinese missions for carrying out these objective

the present communist mission in Australia, his Government had information that it intended to stay for six months and to establish an office in Australia. He also understood that it would concern itself with infiltration and subversion. In reply to the Secretary, he said that these activities would be associated with Chinese in Australia and local communist groups.

The Secretary said that the Australian Government had been very careful to make its position quite clear in relation to the Chinese communist trade mission. He read out to Dr. Chen the main points made by Mr. McEwen, the Minister for Trade, in the House of Representatives on 15th May in reply to a question on the subject. The Secretary himself stressed that the mission had not been invited by the Australian Government but by private trading interests, that there would be no official negotiations with it, and that very careful instructions had been given to all officials and authorities about the visit and how it should be handled.

As to the mission's intention to stay six months and set up an office, the Secretary said that he had no knowledge of these. According to his information the mission was due to spend eight weeks in Australia, and he did not know on what basis its entry permit had been issued. He would have these points looked into.

The Secretary also said that the Australian authorities were well aware of the possibility that members of the mission might engage in activities outside the field of trade. We had competent authorities to watch this sort of thing, and he had no doubt that they would be vigilant with regard to the present mission's activities. The Secretary said also that the Australian authorities were well aware of the aims of the Chinese communists to do anything they could to move other countries in the direction of recognition.

The Secretary stated that he would not like to say off-hand what the Australian attitude would be if the mission wished to stay longer than the suggested eight weeks. This would have to be looked at in the light of whether the extension was related to engagement in purely trading activities.

Dr. Chen expressed his appreciation of the official attitude of the Australian Government to the communist mission. He again said that he wished to emphasize that the prospects of trade with mainland China were "limited" for Australia. The so-called China market generally was a "myth". People were misled by reason of China's huge population. The Chinese communists were constantly using the allure of trade and the tactic of trade missions to obtain political objectives. The Secretary replied that our own studies had convinced us that this was true. Cabinet itself fully understood the position with regard to trade with mainland China.

Dr. Chen suggested that he would not have wished to take up the matter of the communist trade mission had its stay been for only three or four weeks. But he was seriously disturbed by the information he had that it intended to stay for as long as six months and for the purposes of infiltration.

and subversion. Mr. Casey himself had frequently spoken of the problem of subversion. He asked the Secretary to inform Mr. Casey of his Government's present representations.

The Secretary agreed that the Australian authorities were concerned with the problem of subversion. He realised that the matter raised by Dr. Chen would concern the Chinese Government. It would also, and probably more so, concern the Australian Government. He would of course inform Mr. Casey of Dr. Chen's representations. He could not say what particular action would be taken as a result of these. It would be a matter for decision by the Australian authorities, who would certainly act on the Chinese representations and inform themselves further about the character of the communist trade mission and whether their intentions and activities went beyond purely trading interests.

Dr. Chen also said that he was concerned not only about Australian Government's reaction but also about the position of Australian businessmen. The visiting Chinese communists would be seeking to impress these businessmen and would ask them to prevail upon the government to change its attitude towards mainland China. The Secretary said that he appreciated this point also; but reminded Dr. Chen of the Ministerial observation to Parliament that the Government had confidence in the good sense of Australians who had dealings with Communist Chinese.

Before Dr. Chen departed, the Secretary told him that he and his wife and learned with much regret of the recent death of Mrs. Chang Min-lin, wife of the Chairman of the Joint Commission on Rural Reconstruction, with whom they had lunched during their visit to Taipei in October last.

Report prepared by.....*H.M.*.....
(H. MARSHALL)

Distribution :

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~~Draft~~

CONFIDENTIAL

Mr. Marshall

519/3/1

Record of Conversation with Dr. Chen Tai Chu, Chinese Minister

The Secretary
Mr. Marshall

22nd May 1958

- Subjects:
1. Trade Union Delegation from Formosa
 2. Communist Chinese trade delegation in Australia

The Secretary

1. Trade Union Delegation

The Secretary asked Dr. Chen how the visit of the Chinese trade union delegation had gone. Dr. Chen replied that he felt it had been a very successful visit. The delegation had now gone on to New Zealand (an extension arranged in Australia), and were then to proceed to the I.L.O. meeting in Geneva. The Secretary asked if the delegation had ~~had~~ ^{met} any ~~trouble~~ ^{controversy} with the unions. Dr. Chen said that they had not. In Brisbane the former Labour Premier Mr. Gair had written an article favourable to the visit and the Republic of China, which a Labour member in the Queensland Parliament, Mr. Donald, had critically attacked.

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He observed that Communist China used trade to dangle as a bait for political purposes. Communist Chinese trade was 80 % with the Soviet bloc, 10 % with "neutrals" and ~~ten~~ 10 % with the rest. Peking had little to export apart from certain foodstuffs and primary products, and lacked the exchange to pay for imports. Its Soviet trade was on a credit basis. Dr. Chen illustrated the Chinese Communist tactic of exploiting the trade issue for political purposes by reference to Japan's recent experience with the fourth private trade agreement with Communist China. The proposed establishment of a communist trade mission in Japan with the right to fly its national flag

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In reply to the Secretary Dr. Chen agreed that the Chinese Communist action was probably linked to the Japanese elections that were about to take place.

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H.M.
Reported prepared by.....

22nd May 1958

Min
Secy
A/S Div I.
" " II
E.R.

Pac Am
D/L.
C & P.
E.A.

Trade

Hung Kwei
Washington

EXTERNAL AFFAIRS.

File No. 519/3/1

Date 22nd May 1958

SUBJECT

Appointment with the Chinese Minister

FOR ~~The Secretary~~

When Dr. Chen sees you at 11.30 this morning he may possibly raise some of the following:

1. Visit of the Chinese Communist Trade Delegation

The 12-member delegation arrived in Australia on 11th May for a two-month visit. The official Australian attitude to it is set out in attached telegram 603 to Washington. Mr. McEwan was asked a question in the House about it on 15th May, and attached is the Hansard text. (It includes also reference by Dr. Evatt to the question of appointing a trade commissioner to China direct). Mr. McEwan used the expression "representatives of the Government of China", to which Dr. Chen may take objection if he happened to notice it. However, the tone of Mr. McEwan's reply as a whole should be completely satisfactory to Dr. Chen.

You may wish to refer specifically to the strict conditions the Government is observing over this visit (see attached Trade paper).

2. Visit of Trade Union Delegation from Formosa

A three-member delegation of trade union representatives from the Republic of China (Formosa) have just concluded a three-week visit at the invitation of right-wing Australian unions. They met the Prime Minister and Minister.

3. Security Clearances for Chinese

The Chinese Government had wished to be consulted prior to the issue of Australian visas to holders of Hong Kong affidavits, and to have applications for Chinese to enter Australia processed by the Chinese Embassy in Canberra rather than by Immigration "agents". Dr. Chen was informed by Mr. McMillan on 8th May that the Australian Government was not able to meet these wishes. Reasons given were those of undesirable precedent and embarrassment to other Governments, particularly the Hong Kong Government. Dr. Chen appeared to be satisfied with the explanation given.

4. International Rubber Study Group

The Republic of China has applied for membership of the International Rubber Study Group -- the issue coming up at a meeting on 9th June. Membership is open to countries substantially interested in production or consumption of, or trade in, rubber. Australia is a member. The rubber industry in Formosa is small, but it appears to us that the Chinese Government is actively interested and we are prepared to support their entry. Dr. Chen can be told accordingly.

5. Representation in United Nations Bodies

There are no major U.N. elections coming up affecting the Republic of China.

→ McEwan

EXTERNAL AFFAIRS.

2

File No.....

Date.....

SUBJECT

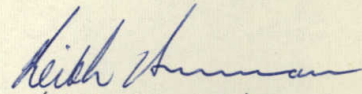
FOR.....

(Continued)

There is, however, the question of the "moratorium" at the next General Assembly. At this stage we see no reason to expect that Australia will vary its stand of the past in support of the Nationalists.

6. Death of Mrs. Chiang Mon-lin

Mrs Chiang, wife of the Chairman of the Joint Commission on Rural Reconstruction (with whom you lunched in Taipei on 21st October last) died on 14th May, and you may wish to make reference to this.



(K.G. Brennan)

Head Pac&Am. Branch

H. Marshall
East Asia

CONFIDENTIAL

OUTWARD CABLEGRAM.

File - dm

DBB:SS

O. 6380

Sent: 19th May, 1958
1540

TO:

Australian High Commission,
KUALA LUMPUR.

F-519/3/1

404. CONFIDENTIAL.

Your memorandum 770. Rubber Study Group.

If Taiwan application comes to a vote at 14th meeting, Australian Delegation will vote in support.

Apart from fact that we recognise Taiwan Government, terms of reference of Group state that membership shall be open to countries substantially interested in production or consumption of or trade in rubber. Rubber industry in Taiwan is small but it appears to us that Taiwan Government is actively interested. The condition "substantial" has been interpreted liberally in the past and we consider that Taiwan satisfied the technical criterion for membership.

(COST £3.7.6).

MIN. & DEPT. E.A. (704/7/1/6)
MIN. & DEPT. SUPPLY
MIN. & DEPT. TERRITORIES
TRADE (C-M)
P.M.'s DEPT.
P.M.'s

20th May, 1958.

SEC A/Ss LA UN ERC@ PAC&AM EA S&SEA SEA EAF&ME
INF C&P.

CONFIDENTIAL

CONFIDENTIAL.

File No. 519/3/1.

EXTERNAL AFFAIRS.

Record of Conversation with Dr. Chen, Chinese Charge d'Affaires a.i.

on 8th May, 1958.

Officers Present Mr. McMillan.

MAIN SUBJECT(S):

CONSULTATION REGARDING ADMISSION OF CHINESE TO AUSTRALIA.

Some time ago I told Dr. Chen that when he was free to call I would advise him of the Government's attitude regarding the requests made both by the Chinese Nationalist Foreign Minister to the Secretary of this Department and by Dr. Chen himself to the Department at a later date. He called today and I told him that our answer to the suggestions made on his side was negative. I said that we appreciated the reasons for the Chinese Nationalist Government's approach to us, but that any action we might take to satisfy their requirements might either set undesirable precedents or create embarrassment to other Governments, particularly the Government of Hong Kong.

2. Dr. Chen said that he realised why we could not agree to the Chinese suggestions, but said that he would like me to be aware that the original reason behind the proposals was the situation applicable to Chinese who were under order of deportation from Australia. In the case of Chinese deported from Australia who carried Chinese Nationalist passports, they could be accepted in Formosa in the normal manner. Chinese carrying affidavits from Hong Kong would normally be returned from Australia to Hong Kong, but might not be allowed to remain in that territory. If they could not secure admission to Formosa they would be sent back to mainland China. He said that his Government did not want any Chinese to be placed in a position of having no alternative other than return to Communist controlled China. He said, however, that since the subject was first raised, the Immigration Department had modified its policy regarding Chinese in Australia who changed the place or nature of their employment. Whilst this had alleviated difficulties, there were still possible cases in which a Chinese in Australia might find himself deported and eventually sent to mainland China. He hoped that it still might be possible at a later date to find means of getting over this difficulty.

DISTRIBUTION :

- | | | | | | |
|------------|--------------|---|-----------------|-----------------|-------------------|
| Minister. | A/S C.R. | Central Br. | D.L. & P.I. Br. | E. & T.A. Br. | Admin. Branch. |
| Secretary. | A/S Admin. | <input checked="" type="checkbox"/> Pacific Br. | U.N. Branch. | C. & P. Br. | Antarctic Div. |
| A/S U.N. | L. & T. Div. | Western Br. | E.R. Branch. | C'wealth. Rels. | Melbourne Office. |
| | | XE.A.Br. | | | Sydney Office. |

FOLLOWING POST(S) :

XDepartment of Immigration.

Report prepared by.....

J. M. McMillan.

ACTION :

Mr. Brennan

Mr. Marshall

Good to Birch

CONFIDENTIAL

519/3/1


19th May, 1958

The External Affairs Officer,
Australian Government Trade Commission,
HONG KONG

Admission of Chinese to Australia.

..... We refer to our memorandum No. 82 of 20th November, 1957, and to your memorandum No. 671 of 7th December, 1957, in reply and attach for your information a record of conversation between Dr. Chen, the Chinese Chargé d'Affaires in Canberra and Mr. McMillan.

2. As you will see from this conversation the Australian Government has not acceded to the Chinese requests, originally raised in Taiwan during the visit of the Secretary last year.

(H. MARSHALL) 
for The Secretary

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD CABLEGRAM.

F-519/3/1

JERC:CM

I:7806

Dated: 15th May, 1958.

Rec'd: 1244
15th May, 1958.
1545

FROM:

Australian Trade Commission,
HONG KONG.

72. UNCLASSIFIED.

Secretary may wish to extend condolences on the death in Taipei on 14th May of Mrs. Chiang Monlin, wife of the J.C.R.R. Chairman whom he will remember. She died of cancer.

Joint Commission on Rural Reconstruction

E.A.
P.M'S

15th May, 1958.

SEC A/S(DIV.1) A/S(DIV.3) PAC&AM EA INF C&P

*Chiang Mon lin was host to
Mr & Mrs Tange at a lunch
on 21.10.57.*

*Mr _____
16-5*

*East Asia
Mr McMillan has told
Mr Robertson to bring this
to notice of Seay who will
take action if he thinks fit.*

16/5

File

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD CABLEGRAM.

① M Barnett (c+r)
② F-519/3/1

JERC:CM

I.7806

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Joint Commission on Rural Reconstruction

E. A.
P. M'S

15th May, 1958.

SEC A/S(DIV.1) A/S(DIV.3) PAC&AM EA INF C&P

*φ was host at lunch for
Mr + Mrs Tange on 21.10.57*

Mr. Hill

*Could you look up ref in
Secretary's report pls. &
direct to CAP.*

Hm. 16/5

RGC/CVH

F-519/3/1

Parliament House,
CANBERRA. A.C.T.

7th May, 1958.

Ian Hamilton reports to me that he has been in personal touch with the A.B.C. and with all the principal morning and evening papers represented in Canberra and with the Agencies - about giving more publicity to the visit of the Formosan-Chinese Labour Delegates' visit. As a result the A.B.C. is putting on a talk about them on their National Service. Hamilton tells me that most of the other senior Press representatives were quite receptive and he hopes that something appreciable will result.

I am,

Yours sincerely,

Copy to Mr. Wentworth M.P. with
C/S.

(Sgd.) R. G. Casey
(R. G. CASEY).

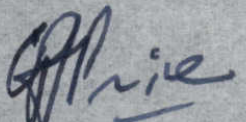
The Honourable Sir Wilfrid Kent Hughes,
K.B.E., M.V.O., M.C., E.D., M.P.,
Parliament House,
CANBERRA. A.C.T.

The Secretary,
DEPT. OF EXTERNAL AFFAIRS.

(Mr. Ian Hamilton)

For your information.

(G.J. Price),
Private Secretary.
7/5/1958.



8th May, 1958.

CONFIDENTIAL

519/3/1.

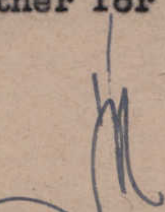
The Secretary,
Department of Immigration,
CANBERRA.

Consultation Regarding Admission of Chinese to
Australia.

I refer to your memorandum of 18th March, 1958 (Your Reference 56/66269) regarding requests made by the Foreign Minister of China and the Chinese Embassy, Canberra, in connection with procedures governing the admission of Chinese to Australia.

... 2. I attach hereto a record of a conversation which I have had with Dr. Chen, from which you will see that it is unlikely that the Chinese Nationalist authorities will press the matter very hard, although they still hope for some modification of procedures which might meet their needs.

3. I think you may assume that the matter does not need to be pursued any further for the time being.


(J. M. McMillan)
for the Secretary.

Seen on
9-5

① Mr Marshall (K) Mr. Hill Copy of conversation for Hong Kong pls. per 9/5
② Mr Brennan 18/5
③ Mr Osborne M.C.

CONFIDENTIAL.

File No. 519/3/1.

EXTERNAL AFFAIRS.

Record of Conversation with Dr. Chen, Chinese Charge d'Affaires a.i.

on 8th May, 1958.

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DISTRIBUTION :

Minister.	A/S C.R.	Central Br.	D.L. & P.I. Br.	E. & T.A. Br.	Admin. Branch.
Secretary.	A/S Admin.	<input checked="" type="checkbox"/> Pacific Br.	U.N. Branch.	C. & P. Br.	Antarctic Div.
A/S U.N.	L. & T. Div.	Western Br.	E.R. Branch.	C'wealth. Rels.	Melbourne Office.
					Sydney Office.

FOLLOWING POST(S) :

E.A. Br.
 Department of Immigration.

Report prepared by.....

J. M. McMillan.

ACTION :

① W Marshall
② F-519/3/1

PL

Going To Australia

Labour Group From Formosa In Hongkong

A three-member Chinese labour delegation from Formosa arrived here from Taipei by CAT yesterday en route to Australia at the invitation of the Australian Labour Federation.

Mr Chien Wen-fa, Chairman of the Taiwan Provincial Federation of Labour, called the trip "a reciprocal trip to survey Australian labour conditions."

A party of five Australians from the Labour Federation visited Formosa last year.

The party expects to visit Sydney, Melbourne, Canberra and other big cities in the course of a three-week stay.

The other two delegates are Mr Liang Yung-chang and Mr W. H. Teng, both members of the Standing Committee of the Chinese Federation of Labour.

R C M P. J

28.4.1958

MR. BRENNAN

THE LEGAL POSITION OF FORMOSA

As the Prime Minister has said the legal position of Formosa is "very obscure". This arises from the fact that the Japanese renounced sovereignty over it, but the final determination of its status at a peace treaty has not been made.

The de jure sovereignty over the territory is, therefore, uncertain or undetermined -- suspended if you like.

The key factor in the situation is not the Cairo Declaration (a statement of aspirations rather than a binding legal document), or the confirming Potsdam Declaration, but the Japanese Peace Treaty. The inconclusiveness of this Treaty on the question of the disposition of Formosa is at the root of the obscurity.

Historical Background

Under the Treaty of Shimonoseki in 1895 China (then defeated by Japan) ceded Formosa to the Japanese. The Pescadores were annexed to Japan by the same Treaty. The offshore islands of Quemoy and the Matsus were not annexed to Japan by the 1895 Treaty although they were occupied by the Japanese during the 1941-45 war.

The Cairo Declaration of 1st December 1943 by heads of Government of the U.S., U.K. and China stated, in part:

"Japan shall be stripped of all islands in the Pacific which she has seized or occupied since the beginning of the first World War in 1914, and that all territories that Japan has stolen from the Chinese such as Manchuria, Formosa and the Pescadores shall be restored to the Republic of China".

The Potsdam Declaration 2nd August 1945 -- (U.S., U.K. and U.S.S.R.) -- Accepted and confirmed the Cairo Declaration, and stated that "Japanese sovereignty shall be limited to the principal islands of Japan and such minor islands as would be determined".

The Potsdam Declaration was incorporated in the decision of the Far Eastern Commission of 19th June 1947, which set forth the basic surrender policy for Japan.

Meanwhile, the Chinese Government of the day had assumed, with the consent of the remaining Allies, the provisional administration of Formosa pending the final determination of its status at a peace treaty.

Japan, in accepting the instrument of unconditional surrender in 1945, accepted the Potsdam Declaration.

The Japanese Peace Treaty of 1951

Each of the territories explicitly or implicitly included in the Potsdam Declaration was renounced by Japan in the Peace Treaty of 1951.

On the other hand, the Treaty made no provision for the

future disposition of any of the territories stolen by Japan and of which she was now stripped. The reason of course was the differences that had grown up between the war-time Allies, in particular the U.S. and U.S.S.R., and the conflict of their interests in many of the territories including Formosa.

Present Legal Status of Formosa

There are at least the following four viewpoints:

- (a) That Formosa has been Chinese territory since September 2nd 1945 -- that is, the date of Japan's surrender.

This involves taking an empirical view of the Cairo and Potsdam Declarations related to the Japanese act of surrender.

/part of It raises the problem of which China. Chiang Kai-shek and the Nationalists would resist any suggestion that Formosa was not/their national territory from the moment of their repossession in 1945.

On the other hand, Peking, regarding itself as the successor Government of China, has left in no doubt its view that Formosa is part of China which rightfully should be under its jurisdiction. Many Afro-Asians, including India, would support this view.

- (b) That Formosa has been Chinese Territory since the coming into force of the Japanese Peace Treaty in April 1952

This viewpoint merely shifts the preceding one to a different point of time.

The same considerations apply as under (a) above.

The present United Kingdom Government has consistently taken a view that would reject both (a) and (b). This was expressed by Lord Reading on 20th December 1954 as follows: "The situation is that the Japanese Government renounced sovereignty over it, but we do not regard it as forming part of China". In according recognition to the Peking Government the United Kingdom avoided defining its understanding of the territory covered by the expression "China".

So far as the United States is concerned, it may be noted that in the Security Treaty with Nationalist China the U.S. acknowledged only that the latter "controls" Formosa. The Senate recorded its understanding "that nothing in the Treaty shall be construed as affecting or modifying the legal status or sovereignty of the territories in which it applies".

- (c) That Formosa has been under United Nations sovereignty since September 1945

Since the Japanese surrender in 1945 was to the Allied Powers as a whole, and not merely to Nationalist China, it could be argued that, in the absence of agreement over the disposition of Formosa, the island is legally under the "United Nations" either (a) in the sense of those nations that successfully prosecuted the war against Japan; or (b) in the sense of the United Nations organisation in New York which arose out of that successful prosecution. In either case it would be difficult to attribute sovereignty, and this viewpoint would appear to command only academic support.

(d) That Formosa is a Condominium of the Allied Signatories of the Japanese Peace Treaty

It would seem that any change legally of sovereignty over Formosa must be located in a peace treaty with Japan, and specifically with the general Peace Treaty of 1951. Sir Anthony Eden said that Japanese rights were "ceded" in the Peace Treaty, but the question remains: To whom? Since there is no clear answer, the concept of a Condominium of the Allied Powers signatory to the Peace Treaty has been suggested.

This viewpoint, too, would appear to have only academic standing. If applied, in practice, it would also consistently have to be applied to other territories concerned, such as Southern Sakhalin and the Kuriles under Soviet administration.

The Position of the Offshore Islands

The offshore islands of Quemoy and Matus are in a different position from Formosa (and the Pescadores) in that they were not annexed by Japan and remained Chinese territory legally. They were not mentioned specifically in the Cairo Declaration.

The United States has excluded the offshore islands from the Security Agreement with Nationalist China.

The United Kingdom has drawn the distinction between them and ~~the~~ Formosa and has stated that they "undoubtedly form part of the territory of the People's Republic of ~~China~~ China". Australia also has recognised this position.

Establishment of Chiang Kai-shek on Formosa

With the end of the Pacific war the Chinese Nationalist Government reoccupied Formosa in pursuance of the Cairo pledge. There was then of course no question of two Chinese Governments.

On 7th December 1949 the Nationalist Government formally declared Taipei its capital. On 9th December the Governor decided that all departments not essential to operations on the mainland should be installed at Taipei. The Cabinet reached Taipei on 8th December and Chiang Kai-shek on the 10th.

CONCLUSIONS

The legal status of Formosa and the Pescadores is very vague. This vagueness reflects the political exigencies in the area in the post-war era.

Both Chinas lay claim to it -- as a sovereign right Both refute the idea of "two Chinas".

It was left to a peace treaty to determine the future of Formosa. That determination was not made. Its de jure status, therefore, as the British say, is uncertain or indeterminate.

It can be deduced from U.K. and U.S. statements that they regard neither China as having sovereignty over it.

F- 519/3/1

DEPARTMENT OF EXTERNAL AFFAIRS.

(file)
+

^{0:5166}
OUTWARD CABLEGRAM.

Sent: 23rd April, 1958.

SDP

1345

TO:

British Consulate,
TAIPEI.

EX.169. UNCLASSIFIED.

From Immigration.

Your 6. Visas Australia may be granted to
Teng Wan Hsi, Liang Yung Chang, Chen Wen Fa, subject to
usual conditions.

IMMIGRATION (56/66011)
E.A.
L. & N.S.
A.S.I.O.
P.M's.

(Cost - £3.15.0)

24th April, 1958.

SEC A/Ss ER PAC&AM EA INF DL C&P LA

Filed

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD CABLEGRAM.

F- 519/3/1

...:SS

I. 6224

Dated: 21st April, 1958
1724

FROM:

Rec'd: 22nd April, 1958
0830

British Consulate,
TAIPEI.

6. UNCLASSIFIED.

Immigration.

Teng Wan Hsi 6772 2598 3305 born Hunan 1904
Liang Yung Chang 2733 3057 4545 born Shangtung 1911 Chen Wen
Fa 4675 2429 4099 born Taipei 1910 officials Taiwan Federation
of Labour apply three weeks visit to Australian Trade Unions.
References Chen Tai Chu Chinese Nationalist Embassy,
Canberra, J.P. Maynes, Federated Clerks Union, 104 Wellington
Parade, East Melbourne. Wish leave April 27th grateful
telegraphic reply.

IMMIGRATION
E.A.
L. & N.S.
A.S.I.O.
P.M.'s

22nd April, 1958.

SEC A/Ss LA ER PAC&AM EA INF DL C&P

EXTERNAL AFFAIRS.

In hand.

Jan 23/4

Ch. Churchill

McKinnell

Please prepare
reply in conjunction
with C & P and LOT

Swampson's letter is
not as represented in
paper. He is suggesting
Trade Agreement to both
Peking & Formosa.

Jan 28/4

Is there any objection to
even trying to get Peking's
agreement to a "Trade
Commission" (without recognition.)
I doubt it. He
might be Trade agent if Trade
will accept uncertain
positions on principles.

Jan 28/58

Jan 28/58

3107/38/12/2

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD TELETYPE MESSAGE.

MESSAGE NO MINS 623 21.4.58 2.30PM
TO MR BRENNAN EA CANB
FROM PRICE MINS MELBOURNE

REFERENCE COPY OF LETTER FROM SIR W KENT HUGHES ON REPORT
IN CHINA MAINLAND PRESS ABOUT HAYLEN MP REMARKS ON EVENTUAL
RECOGNITION OF CHINA BY AUSTRALIA. GLAD ADVISE IF ANY ANSWER
AVAILABLE. COPY OF LETTER WAS MINUTED TO MR PLIMSOLL ON 17TH
FEBRUARY 1958.

MESSAGE ENDS MAH

*Reply sent 7 March.
see below.
informed.
me 22-4
of this had
copy had
sent me.*

*Mr. Hie
ce you pls check.
I was away. 1/14*

W.S.G.

F - 519/3/1

RESTRICTED

17th April, 1958

Visit of Chinese Trade Unionists from Taiwan.

THE MINISTER :

On 3rd April Senator McManus wrote asking for your support in seeking an interview with the Prime Minister for three Chinese Trade Unionists from Taiwan who are due to arrive in Sydney on 30th April for a three weeks' tour of Australia. They are to be in Canberra from 0825 on 6th May to 0935 on 7th May. I feel that the Chinese would be duly appreciative of an opportunity to call on the Prime Minister. You may also wish the attention of the Foreign Affairs Committee to be drawn to the proposed visit of this group to Canberra.

2. Senator McManus also asks for certain publicity and broadcasting arrangements as well as for printed material; but it would be better if on this subject he were to address his enquiries to the Minister for the Interior (News and Information Bureau) and the Postmaster-General as the case may suggest.

....

3. I attach suggested letters addressed to the Prime Minister and to Senator McManus.

(J.C.G. KEVIN)
Assistant Secretary

Information Branch
A.M. Morris : JJG

Mr. Marshall

To see

RESTRICTED

Seen. Mr. 18/4

→ Mr. Hogan

→ E. O'Leary to return.
Amy
18/4

check ?

EXTERNAL AFFAIRS.

RESTRICTED

File No. 519/31

Date 17th April, 1958

SUBJECT Visit of Chinese Trade Unionists from Taiwan.

FOR THE MINISTER :

PLEASE SEE PAPER FOR SIGNATURE OR APPROVAL BELOW

On 3rd April Senator McManus wrote asking for your support in seeking an interview with the Prime Minister for three Chinese Trade Unionists from Taiwan who are due to arrive in Sydney on 30th April for a three weeks' tour of Australia. They are to be in Canberra from 0825 on 6th May to 0935 on 7th May. I feel that the Chinese would be duly appreciative of an opportunity to call on the Prime Minister. You may also wish the attention of the Foreign Affairs Committee to be drawn to the proposed visit of this group to Canberra.

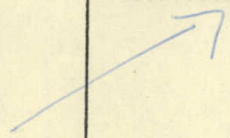
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....

3. I attach suggested letters addressed to the Prime Minister and to Senator McManus.

(J.C.G. KEVIN) Assistant Secretary

Information Branch A.M. Morris



RESTRICTED

1. East Asia Seen Apr 22/4
2. File. May 22/4

519/3/1

Commonwealth Offices,
Treasury Place,
MELBOURNE.

18th April, 1958

Thank you for your letter of 3rd April giving me details of the arrangements for the visit to Australia of three delegates from the Chinese Federation of Labour of Taiwan. I appreciate your request for an interview with the Prime Minister, and I will speak to him about it.

With regard to the arrangements for publicity and broadcasting, I would suggest that you approach my colleagues, the Minister for the Interior (the Honourable Allen Fairhall, M.P.) and the Postmaster-General (the Honourable Charles Davidson, M.P.), respectively. Your enquiry about books is one which I would also suggest you might address to Mr. Fairhall.

R. G. CASEY

Senator F.P. McManus,
Parliament House,
CANBERRA. A.C.T.

519/3/1

17 APR 1958

I have heard from Senator McManus that Mr. J. Maynes, Federal President of the Federated Clerks' Union, has written to you asking whether you would have time to see three representatives of the Chinese Federation of Labour, whose headquarters are in Taiwan, when they visit Canberra on Tuesday, 6th May.

Mr. Maynes was one of five officials of four non-communist Unions who visited the Chinese Federation of Labour and other Free Trade Union Movements in South-East Asia last year. The visit of this group to South-East Asia was a success from our point of view and I welcome their initiative in joining with twenty-one other Unions and Branches of Unions to invite this group of Chinese unionists to Australia. I believe that the Chinese will be properly appreciative of an opportunity to call on you if you can see your way clear to receive them.

(Sgd.) R. G. Casey

Right Honorable R.G. Menzies, G.H., G.C., M.P.,
Parliament House,
CANBERRA A.C.T.

EXTERNAL AFFAIRS.

F- 519/3/1

File No.....

Date..... 15th April 1958

SUBJECT Federation of Labour of the Republic of Free China

FOR..... Mr. ^{5/4} ~~Phillips~~.....

The Prime Minister is asking, through the Minister's office, whether it would be in order for him to receive a delegation from the "Federation of Labour of the Republic of Free China", which apparently is visiting Australia in ~~June~~ May.

It appears that the Federal President of the Clerks' Union has initiated correspondence on this matter.

The Minister has directed some correspondence that he himself has received about this to the Secretary.

It would appear to us that the visiting organisation concerned is the Chinese Federation of Labour in Taiwan. This is a "nation-wide", fully authorised labour Federation in the Republic of China. It will certainly be "right wing" and anti-Communist and have the blessing of the Nationalist Government.

You may remember that an R. Saker, Victorian Secretary of the Clerk's Union, paid a visit to Nationalist China towards the end of last year, having some connection with the A.P.A.C.L. (Asian People's Anti-Communist League). The visit of the Chinese delegation could be some sort of return visit.

Recommendation : We tell the Minister's Office that, on political grounds so far as our relations with China are concerned, we see no objection to ~~receiving~~ the Prime Minister being prepared to receive this Delegation if he so wishes.

Hm
(H.Marshall)
East Asia

P.S. Chinese Embassy here is aware of the visit.

They understand the party will number 3 - 2 from the Federation of Labour & one from the Railway Workers' Union.

Hm

Mr. Highwell
I agree
with this
recommendation
M/15/4

See
Phillips

Hm
(pl)

F-519/3/1

EXTERNAL AFFAIRS.

**FORMOSAN
UNIONISTS
FOR AUST.**

Three representatives of the Formosan Trade Union Federation will arrive in Sydney on April 30.

They will spend three weeks in Australia.

They will visit New South Wales, Queensland, Victoria, South Australia, and Canberra.

While in New South Wales they will visit steel works at Port Kembla and Newcastle.

The annual national conference of the Federated Ironworkers' Association yesterday elected Mr. N. Nolan to accompany the Formosan delegation on its Australian tour.

Mr. Nolan is an organiser of the Federated Ironworkers' Association in Newcastle.

He was one of five trade union officials who visited Formosa last year.

D.T.

16/4/58

File

File

F-519/3/1

15th April 1958

Federation of Labour of the Republic of Free China

Mr. Brennan

The Prime Minister is asking, through the Minister's office, whether it would be in order for him to receive a delegation from the "Federation of Labour of the Republic of Free China", which apparently is visiting Australia in ~~xxxx~~ May.

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The Minister has directed some correspondence that he himself has received about this to the Secretary.

It would appear to us that the visiting organisation concerned is the Chinese Federation of Labour in Taiwan. This is a "nation-wide", fully authorised labour Federation in the Republic of China. It will certainly be "right wing" and anti-Communist and have the blessing of the Nationalist Government.

You may remember that an R. Saker, Victorian Secretary of the Clerk's Union, paid a visit to Nationalist China towards the end of last year, having some connection with the A.P.A.C.L. (Asian People's Anti-Communist League). The visit of the Chinese delegation could be some sort of return visit.

Recommendation : We tell the Minister's Office that, on political grounds so far as our relations with China are concerned, we see no objection to ~~xxxxxx~~ the Prime Minister being prepared to receive this Delegation if he so wishes.

H
(H. Marshall)
East Asia

CONFIDENTIAL

5/19/3/1

28th March, 1958.

MEETING OF FOREIGN AFFAIRS COMMITTEE: 27TH MARCH, 1958.

→ Mr. Plimsoll

The Minister addressed the Committee upon his recent visit to South and South East Asia.

Australian Representation in Formosa

2. The Minister said that on balance he thought it would not be wise for the Government at this late date to change its attitude to representation in Formosa. He outlined the reasons for his view as well as arguments he saw in favour of having representation in Formosa.

3. Five members of the Committee spoke in favour of establishing representation in Formosa. The main arguments they advanced were:-

- a) The opening of representation in Formosa would reassure ~~the~~ Nationalist China and Anti-Communist Chinese throughout Asia that the Western World did not intend to "ditch" Nationalist China;
- b) It would also strengthen Anti-Communist sentiment in Asia;
- c) It would assist the prestige of Nationalist China;
- d) It would be an assurance that even if Communist China were recognised generally and were admitted to the United Nations, Formosa would remain as an independent state.

4. One of these members added that all that was necessary was some type of representation, such as a Trade Commissioner. It was also suggested that when next in Asia the Minister should visit Formosa.

5. The Minister said that he understood the Minister for Trade did not think the present trade between Formosa and Australia or the prospects of such trade was large enough to justify the establishment of a Trade Commission. However, he would talk to the Minister for Trade about this question again.

6. The Minister also said that if the majority of the Committee favoured Australian representation in Formosa, he would be prepared to put the question to Cabinet and would see that both arguments pro and con were considered by Cabinet. The Minister also undertook to try to arrange ^{that} a representative group from the Committee itself would have had an opportunity of putting the Committee's views to Cabinet. He envisaged as a first step this group might discuss the question with certain Ministers, such as the Prime Minister, the Minister of Trade and himself.

See Plimsoll

2./.....

CONFIDENTIAL

7. The Committee agreed that it would continue its discussions of this question at a later date.

Criticisms of Australian Aid to Pakistan.

8. The Minister said that he regarded a considerable number of Mr. Cunningham's criticisms as exaggerated and should not be taken too seriously. Undoubtedly there had been a degree of waste, but this waste was not Australia's responsibility, it was the responsibility of the Asian countries which had asked for aid of specific kinds and subsequently found such aid could not be put to best use.

(Alan Renouf)
Information Branch.

CONFIDENTIAL

1515/1/11/7

21st March, 1958.

Appointment of Honorary Consul of China in Hobart.

THE MINISTER


The Chinese Embassy has asked for the Government's concurrence in the appointment of an Honorary Consul of China in Hobart. The grounds given are the number of Chinese residents in Tasmania and the distance of that State from the mainland.

2. The nominee for the post is Mr. Gordon Yian Henry, President, Tasmanian Wholesale Fruit Merchants Association, Chairman, Chinese Appeals Committee and Secretary, Hobart Retail Fruiterers Association. While no information is available in the Department on this point, it would appear that he is of Chinese origin.

3. The Department has consulted the Premier's Department, Hobart, and the Commonwealth Investigation Service, neither of which sees any objection to the appointment.

4. The Acting Assistant Secretary, Division II, also sees no objection on political grounds.

5. Before the Department proceeds to inform the Chinese Embassy of its concurrence in the Department you may wish to consider the matter in case you see any reason for reservations or reasons why the appointment should not be made, with the consequence it would entail of additional representation of the Chinese Nationalist Government in Australia.



(J.M. McMillan)
Consular & Protocol Branch.

to

East Asia

JMMc/AG

- ① *Mr Marshall* *Thu 25/3*
② *F - 519/3/1*

EXTERNAL AFFAIRS.

① ~~M Marshall~~

Cop had expressed
a wish to take this
over. The memo. from
Imrip'n (just rec'd)
seems to clear up the
doubtful points.

Yes. Jun. 20/3

GM
20.3

② ~~M Cutter~~

Mr. McMillan

① M^r North.

② M^r M^r Mellan

KB 21/3

COMMONWEALTH OF AUSTRALIA.



LC.

CONFIDENTIAL

DEPARTMENT OF IMMIGRATION,
CANBERRA, A.C.T.

18th March, 1958.

The Secretary,
Department of External Affairs,
CANBERRA. A.C.T.

Chinese Embassy's Requests that -

- (i) Nationalist Chinese Authorities Be Consulted Prior to Issue of Visas to Holders of Hong Kong Affidavits.
- (ii) Applications for Chinese to Enter Australia Should Not Be Accepted from Immigration Agents But Only from Chinese Embassy.

I refer to yours of 4th March, 519/3/1.

2. I concur in the view that both of these requests by the Chinese Embassy should be rejected.

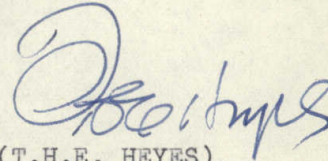
3. I would not favour telling the Embassy even that "we may avail ourselves of their advice" in doubtful cases. If A.S.I.O. did see any useful purpose in seeking the Chinese authorities' advice, this could no doubt be done on an individual basis. As A.S.I.O. is to post an officer to Hong Kong, the security checks in future should be more thorough, if anything, than in the past. *copy of this memorandum is being sent to A.S.I.O.*

4. The second request is one that the Embassy has made on a number of occasions over the years and has always been rejected. Points (i), (ii) and (iii) of Paragraph 11 of the attachment to your memorandum are quite accurate. It is intended, as part of the Migration Bill to be introduced this session, that the "registration" of agents, as a means of checking the reputation etc. of agents, should be dropped; but power is being retained to stop undesirable people from acting as agents, to regulate charges, etc.; the objective is to maintain necessary controls without giving to agents (some few of whom may be unscrupulous without our knowledge) a "credential" in the form of a certificate of registration by the Department.

5. It could, I suggest, be pointed out to the Embassy that no other diplomatic mission here has a monopoly of handling its nationals' applications to this Department; and no advantages of such a monopoly can be seen which would outweigh the disadvantages (rigidity of communication and unnecessary delays, insistence by members of Parliament and

CR

other Australians on their ^{RIGHT} request to communicate with Australian Government Departments, etc. etc.). It should, I suggest, be indicated as emphatically as possible that the request is quite unreasonable from the viewpoint of Australians.



(T.H.E. HEYES)
Secretary.



WILLIAM BOND

519/3/1

7th March, 1958.

My dear Sir Wilfrid,

The Minister has asked me to reply to your letter of 13th February, 1958, regarding our relations with China. As the Minister explained to you before he went away, the paper for the Foreign Affairs Committee on Formosa is to be presented only after his return to Australia.

The statements you have mentioned as being attributed to spokesmen of the Australian Labour Party delegation which visited mainland China in June and July of last year, as reported in the Communist press, were forwarded at the time to this Department by its representative in Hong Kong. According to the Communist Daily "Ta Kung Pao" of 21st July, "Mr. Haylen again stated to reporters the Australian Labour Party's three-point policy: recognition of the Peking Government, unlimited trade with China and China's admission to the United Nations Everyone knows that there cannot be two Chinas in the United Nations at the one time and so America's desire to preserve Taiwan's position cannot stand. Taiwan is part of China: the Cairo Declaration laid it down that Taiwan should be returned to China. The Australian Labour Party is aware of this".

Yours sincerely,

(J.C.G. Kevin)

The Hon. Sir Wilfrid Kent Hughes,
K.B.E., M.V.O., M.C., E.D., M.P.,
Commonwealth Parliament Offices,
MELBOURNE
Victoria.

519/3/1

7th March, 1958.

A.L.P. VISIT TO CHINA - DRAFT REPLY TO SIR WILFRID KENT-HUGHES

MR. KEVIN

Attached for your signature is a draft reply to Sir Wilfrid Kent-Hughes concerning reports of statements made in Canton and Hong Kong by Mr. Haylen. There does not seem to be any need to discuss whether there was any culpable failure in not passing on to the Foreign Affairs Committee "reports of this important and astounding statement".

(J.M. McMillan)

Information Branch.

INFORMATION SERVICE.

CHINESE EMBASSY - CANBERRA.

→ East Asia
F-519/3/1

6th March, 1958.

No. 303.

YUI SEES SITUATION ON MAINLAND EXPLOSIVE.

Mass rebellion and internal tension precipitated by the awakening of Red cadres to the fallacy of Communism and the Chinese Communists' incessant persecution of non-conformists might compel the Chinese Reds on the mainland to engage in new aggression elsewhere. O.K. Yui, President of the Executive Yuan told the nation to gird itself for any effort which the explosive situation across the Taiwan Strait might suddenly call for.

In his administrative report to the Legislative Yuan in Taipei on February 21 Premier Yui assured the lawmakers that the nation's armed forces had gained in striking power during the past six months. A well-established draft system would keep the units strong and young while further efforts would be made to modernize equipment, he added. The Premier disclosed that the Government had not only expanded the intelligence system and tightened the co-ordination of different anti-Red units on the Chinese mainland, but also stepped up underground anti-Communist activities on the China mainland.

In world affairs, the Premier noted that the successful launching of an earth satellite by the U.S. had strengthened the confidence of the free world in the struggle against international Communism. Mr. Yui reported that the U.S. Government and Congress remained firm in their support for the Republic of China and opposition to the puppet Peiping regime's admission to the United Nations. Close military co-operation between the Republic of China and the U.S. had greatly strengthened the defence of the western Pacific.

During the past six months, the Premier stated, the Government had achieved better relations with countries in Southeast Asia, the West Pacific, the Middle East, Latin America and Europe. In domestic affairs, the Premier reaffirmed the Government's determination to safeguard human rights. He mentioned budgetary deficit as one of the difficulties the Government was trying to overcome. In view of the shortage of capital the Government would devise credit systems and other measures to help industries and commerce. The Premier disclosed that the Government was seeking a new and more practical programme for the expansion of foreign trade and the management of foreign exchange.

AUSTRALIA-FREE CHINA ASSOCIATION FORMED.

Senator Gorton and other Australian friends of the Republic of China have formed a society for the furtherance of friendly relations between the two peoples.

The Australia-Free China Association established in Melbourne on February 11 passed a three-point resolution at its inaugural meeting calling for support of Free China's anti-Communist cause, a message of salute to the Chinese Government and the promotion of common interests of the two countries.

FILE COPY
ARC.AG

519/3/1

4th March, 1958.

CONFIDENTIAL

The Secretary,
Department of Immigration,
CANBERRA. A.C.T.

(Attention Mr. C. Ward)

I refer to our telephonic conversation to-day
.... and enclose copy of the submission of the 20th January to
which I referred.

2. The points on which this Department should like
confirmation are that your Departments accepts responsibility
for the security clearance of Chinese applicants for visas
and that this is not intended to be in any way the responsibility
of this Department to inform A.S.I.O.

3. The Secretary of this Department would appreciate
your views on paragraph 14 of the attached submission. On
receipt of your advice the Chinese Charge d'Affaires will be
asked to call and I shall inform him verbally of our
joint views.

R.A. 10 days

ARB
4/3/58

A. R. Cutler

(A.R. Cutler)
for the Secretary.

CONFIDENTIAL

Mr. Bell

How would
Information Branch
about this letter. Do they
think it sufficient to send
attachment to Arch's memo
7/10/1? Or would they
like us to check with
H-R - whether Hayden
was reported in mainland
press as having said something
more like what H-Hyges says he
said
th 25/2

Mr. Hill

Can you start the
required action pls. Peter
Curtis handled earlier +

A. B. ... 14/2 discussed with Irving.
Apr 17/2

No relevance to

Convention on Status of

refugees. In Body agrees.

2
13/2

855/11/4

Mr. Marshall

Please see Secretary's
direction 14/2

EXTERNAL AFFAIRS.

File No.....519/3/1.....

CONFIDENTIAL

Date.....20th January, 1958

SUBJECT SECURITY CLEARANCES OF CHINESE APPLICANTS FOR ADMISSION TO AUSTRALIA.

FOR THE SECRETARY :

In Taipei last October the Chinese Nationalist Foreign Minister (Dr. Yeh) raised with you the question of security clearances of Chinese applicants for admission to Australia. The Chinese Minister in Australia (Dr. Chen) also referred to this matter in a conversation with you on November 18th.

2. The Nationalist Chinese authorities have suggested they should be consulted before Australian entry visas are issued to Chinese. They claim that otherwise it might be possible for subversive elements to gain admission to Australia. They are particularly concerned with two aspects of this question.

(a) APPLICANTS FOR ENTRY VISAS FROM CHINESE WHOSE ONLY TRAVEL DOCUMENTS ARE AFFIDAVITS ISSUED BY THE HONG KONG GOVERNMENT

3. The position of these Chinese is somewhat obscure. They are usually referred to simply as "Chinese resident in Hong Kong" or (less frequently) as "Chinese of undeclared allegiance." They are mainly refugees. Not being born in Hong Kong they cannot claim British citizenship or a British passport. They normally rely on an affidavit issued by the Hong Kong Government, in lieu of a passport (though technically they could probably apply either for a Nationalist or a Chinese Communist passport). The affidavit is also evidence of permission to re-enter Hong Kong.

4. The contention of the Nationalist Chinese authorities is that these Chinese "affidavit holders" should either,

(i) be required to obtain a Nationalist Chinese passport before an entry visa for Australia is granted, or, failing this,

(ii) be cleared for security with the Nationalist authorities.

5. As to (i), we are in effect being asked to decide that we will no longer accept the affidavit issued by the Hong Kong Government as a valid travel document for Australia, but will only grant an entry visa if the travel document takes the form of a Nationalist passport. This raises policy matters concerning the Department of Immigration which has indicated tentatively that a change along the lines suggested by the Nationalist authorities would create practical difficulties which would make it undesirable. Such a change would also have undesirable and possibly far reaching political implications. For example: it would amount to recognition that Hong Kong Chinese "affidavit holders" owe some

R/S

CONFIDENTIAL

allegiance to Formosa and would almost certainly create difficulties as regards the Hong Kong Government. It can not be expected to take account of the wishes of the Nationalist Government which it does not recognise. Moreover, the Chinese Communists, whom the British do recognise, could conceivably make similar demands so far as Chinese in Hong Kong are concerned.

6. As to (ii), there would seem to be no sound reason (political or otherwise) for security clearance of "affidavit holders" through the Nationalist Chinese authorities. The affidavits are a matter for the Hong Kong authorities who make appropriate security checks before issuing them. Moreover, there is no evidence either that our present arrangements for security clearances are inadequate, or that they would be improved by bringing Formosa into the picture.

7. If the Chinese applying for entry to Australia do not have affidavits but hold valid passports other than Nationalist Chinese passports (e.g. Hong Kong born Chinese holding British passports) it would seem quite wrong in principle to oblige them to obtain a Nationalist Chinese passport before granting an entry visa, or to clear them for security through the Nationalist Chinese authorities. The Nationalist authorities have not seriously pressed this, however, except in so far as they are inclined to talk about "Chinese" in general (without referring to the kind of travel documents they would be using). The particular Chinese they seem to have in mind more are those whose only travel documents are the Hong Kong affidavits.

X 8. Our conclusion is that no steps be taken to comply with the Nationalist Chinese suggestions referred to above.

(b) USE OF AGENTS TO LODGE APPLICATIONS FOR ENTRY VISAS TO AUSTRALIA

9. Applicants for Australian entry visas may lodge their applications with the Department of Immigration through certain persons registered with the Department of Immigration as agents for this purpose under the provisions of the Immigration Act.

10. The Nationalist Chinese authorities apparently do not like this system of agents and feel that applications by Chinese for entry to Australia should be made through them (preferably through the Chinese Embassy in Canberra).

X 11. The Department of Immigration has no intention of abolishing this system of agents which works successfully. Furthermore,

- (i) the agents may be used by any person (whether Chinese or not) who wishes to apply for an entry visa,
- (ii) the agents must be British subjects, resident in Australia and engaged in occupations appropriate to their function as agents, and
- (iii) an applicant is under no compulsion whatsoever to make use of an agent - the Department of Immigration neither encourages this procedure nor gives any kind of preferential treatment to applicants who use it.

12. It would seem undesirable and impracticable to abolish or modify the system of agents for Chinese but not for other applicants. In any event, even if agents were abolished there would still be no reason why Chinese (even Nationalist Chinese) should be expected to apply for visas through the Nationalist authorities. All that is required is that the applications should reach the Department of Immigration (whether directly, through an agent, through a diplomatic mission, or in some other way, is a matter for the applicant himself).

X 13. In view of the above there would seem to be no grounds for considering any modification of the system of agents to meet the wishes of the Nationalist Chinese authorities.

14. It is recommended that the above conclusions on general procedure be conveyed to the Chinese Minister here. It could possibly be suggested, as a sop, that in given cases where there exists doubt and where the Nationalist authorities might be of assistance to us, we might avail ourselves of their advice. (This would need to be checked with Immigration). Mr. Cutler would not object to such a gesture but cautions against it as it might become the thin end of the wedge.

X 15. As the Chinese have not made representations in written form they might be told the above orally.

*The above has been cleared with
Mr. Plimsole and Mr. Cutler.*

H. Marshall

East Asia Section
H. Marshall

P.C./H.M.

→ Mr. Brennan

*Clear this draft w/ Immigration;
obtain their assurance that they accept responsibility
for the "security" side (i.e. that we are not
expected to invite their comment); check with
them the point in para 14 — and
convey agreed view to Chinese Minister orally*

H.M.
11/8/1958.



TELEGRAMS & CABLES:-
"AUSTRADE"
HONGKONG

AUSTRALIAN GOVERNMENT TRADE COMMISSION
HONG KONG
TELEPHONE: 28062

WING ON LIFE BUILDING
22 DES VOEUX RD. CENTRAL
P. O. BOX 820

File 302/1/2
Memorandum 716

DEPARTMENT OF
EXTERNAL AFFAIRS
30 DEC 1957
519/3/1
CANBERRA.

23rd December, 1957.

The Secretary,
Department of External Affairs,
CANBERRA.

Nationalist China - Relations with Australia.

The November 1957 issue of News Letter published in Taipei by the Chinese Association for the United Nations, contained an article entitled "The Australian Outlook" - a sympathetic analysis of Australian foreign and immigration policies.

2. The issue containing the text of the article is attached.

....

R.N. Birch
(R.N. Birch)
First Secretary.

Seen
Mr Handman *20/1*
Info to see. *20/1*
R/S
20/1

G.R

(Pre)

Chinese Association for the United Nations

NEWS LETTER



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NOVEMBER 1957

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THE AUSTRALIAN OUTLOOK

When Europe was big enough for the Europeans, the New World was regarded as but a path through which adventurers could reach the old world; Australia was then unknown. Even in 1770 when James Cook took possession of the Continent in the name of King George III, there was a lack of popular interest in the newly found land, much less thought of its development and future promises.

Australia's Foundation Day was first marked on January 26, 1788, when the first convict settlement, after 250 days tedious voyage of 15,000 miles against winds and waves, finally disembarked at Botany Bay. At a later stage, two important events occurred: the introduction of Spanish merino by John Macarthur and the discovery of gold. It took the Australian colonists fifty years to multiply their sheep to 8,000,000, a flock of significance, but it took only a few years to bring a rush of people to the continent for gold digging.

Almost parallel in the development, although coming into prominence at a later period, wheat contributed its valuable share to the upbuilding of Australia as a nation. Thus, toward the end of the last century, the Australian colonies passed from a pastoral age to a golden age, then to an agricultural age and were eager to enter into the industrial age. Right at the turn of the

century, the Commonwealth Constitution Act received royal assent, and Australia became a young nation.

This young nation to-day having an area of 3,000,000 square miles, a size almost as great as the United States, is occupied by only little over 8,000,000 souls, a population about equal to that of the city of New York or London. While the United Kingdom herself possessing an area of 94,000 square miles contains 51,000,000 inhabitants; and other parts of the British Empire such as Hongkong 391 square miles, 2,000,000 inhabitants; Singapore and Malaya 50,900 square miles and 6,000,000 inhabitants, the contrast of these figures presents one of the unpleasant and offensive problems to Australia. The mere size of the country, to say nothing of the tremendous prospects in agriculture and industry, requires more man power and human ingenuity for its development. Nevertheless, any suggestion of making the country a melting pot for the teeming millions from any continent is surely to be resented.

The idea of a white Australia has been so deep seated in the minds of the Australian people, that no political leader ventures to run the risk of losing his prestige and popularity by thinking otherwise, and no political party advocates even a broader basis of immigration policy to accommodate more new

comers. From the Australian viewpoint, a new man means a new job, and unless new job is assured there shall be no new seeker to disturb the status. Australians know quite well they need men, money and market, and perhaps they do realize also that they need especially more—mothers, machinists and merchants. However, in this circumstance, they prefer safety and conservatism rather than altruism.

This type of thinking is not unnatural to any people of a rich country. Peoples in less fortunate circumstances must understand the problems of those who are better endowed with wealth or power. Australia is big enough to be self-sufficient, if the world let her to remain self-contented. The fact is that she has not only grown up to nationhood, but has also taken her rightful place in the family of powerful nations. As soon as she became one of the determining factors in world affairs, the possibility of her isolation vanished. International economic interdependence allows no isolation to a country which leads the world in the production of any one product vital to human existence. The world demands for such product and it in turn demands for the world's markets. This interdependence so manifest in time of peace, increases a thousand fold in time of war. Australia leads the world in her production of sheep and wool. She possesses not only the greatest flock in number but also the greatest quantity and the best quality of wool. With less than one-sixth of the world's sheep, she produces about one quarter of the world's wool and one-half of the world's merino. This fact alone denies isolation. She must sell and others must buy.

In the past, for historical reasons, Australian economy linked more closely to England and Europe than elsewhere. England needs Australian produces for the supply of her factories, and Australia looks to England to meet Australian demands for manufactured goods. This link was strong when Britain remained to be the mistress of

the sea. It has been loosened to a certain extent by the growth of Australian industry and the opening of new neighbouring markets. While Europe prizes Australian wheat, milk, butter and sugar just as much as before, new markets in South East Asia offer profitable attraction. It is mere common sense that economic goods always seeks the most economical market. Other things being equal, the shortest distance remains to be the least cost of distribution. In spite of the great advance made in the means of communication by modern science, the geographical advantage of location compels Australian businesses to establish closed relations with their near-by neighbours.

Inasmuch as there is a tremendous prospect for future economic development in Asian countries, there is a great promise for the expansion of Australian trade and commerce with this area. Naturally, with the trade there comes the flag. But nowadays, world economy is not set in its normal course, nor the flow of commerce is free to find its natural channels. There are regions under blockade, and there are regions where trade is risk, where business dealing brings political complications. Not that any business man would wish to get entangled outside his legitimate activities, but trade with those regions implies different meanings and brings about political consequences. When it imposes a threat to the integrity and independence of the country which maintains such trade with such regions, her business men must think twice before they accept offers which may prove to be a snare to their feet. Nay, governments must choose wisely, and take effective measures to prevent danger of their nationals falling into enemy traps upon the lure of profit.

In this situation, the Australian people and government have made their choice wisely. They part company with India and Burma, and they refuse to follow even the foot steps of the United Kingdom. Of course it is not with gladness for a member of the British Commonwealth to pursue a

RECENT EVENTS IN

President Seeing Big Maneuver On Ships

President Chiang Kai-shek said on November 11 that it was a "good thing" that the Russians had seen fit to announce the launching of their earth satellites.

President and Madame Chiang Kai-shek helicoptered on November 11 to the 42,000-ton aircraft carrier USS Bon Homme Richard to witness an impressive show of strength staged by the U.S. Seventh Fleet under the command of Vice Admiral Wallace M. Beakley.

Hundreds of ships and planes took part in the display of their prowess and

efficiency in guard the billowy Taiwan Straits from Communist attack.

The Presidential party included Madame Chiang, vice President Chen Cheng, Defense Minister Dr. Yu Tawei and Chinese generals and admirals sparkling with a total of 42 stars.

The Seventh Fleet shot about 150 jet fighters and bombers from two carriers, Bon Homme Richard and Kearsarge, to demonstrate its air might in bombing, strafing and rocketing, runs against air and surface targets. Two heavy cruisers, Rochester and Los Angeles, eight destroyers and one submarine escorted the fast carriers in the maneuver. Two Chinese destroyers,

course opposing to that of other members of the family on such a principal issue. But the horns of dilemma must be harnessed, and Australia has faced the challenge with courage.

There was a time when the wind of peace offensive was blowing hard over the Indian Ocean, the horizon of the Coral Sea looked gray. But as soon as the evil wind subsided, the sky from Cape York to Tasmania became clear and bright, for thence there appears a light of hope shining forever upon the Pacific.

Australian statesmen so successfully guide their country's destiny deserve high praise and commendation. In the field of international diplomacy, Australian scholars are new comers, but they have proven themselves to be stanch fighters and champions for world peace. No one would raise a doubt as to the continuence of the close tie between Australia and her mother country. International circumstance however, has obliged Australian statesmen to form a stronger alliance with the United States for the safeguard of their country's security. The Australian New Zealand and United States Defence Treaty manifests not only closer

relations between Australia and America, but also demonstrates in another way the bond of association between the United States and the United Kingdom.

With all these favorable conditions, how shall Australia use her endowments to the best of her advantages as well as to the welfare of mankind? Will she again incline to hug the delusive dream of former fortunate combination of circumstances when isolation means tranquility, and distance, a measure of security? If the Australians have not forgotten the nightmare of the Japanese invasion of the last war, how could they overlook the impending danger of a combine much more powerful and threatening than that of the Island Empire? And with a clear record in world affairs, will they exert to the best of their abilities for more responsibility in safeguarding the Free World? Again, while this atomic age is turning fast into a planetary age, would it not be better for Australia to devise some measures of making other people more easier to conform to her national fitness so as to relieve the covetous population pressure upon her paradisiac vacuum?

Hanyang and Loyang, and two patrol ships also trailed the U.S. task force.

The Seventh Fleet really rolled out the red carpet for the President and his party. The 3,000 officers and men were dressed in blue formal uniforms complete with white gloves, sabres and medals for officers.

As the task force swung toward the maneuver grounds in the Taiwan Strait, a sudden hurricane-sized rain squall enveloped the task force turning the bright sunny morning into a howling, chilly day. The rain squall carrying winds up to 70 knots delayed the air show scheduled for 11:45 o'clock for nearly one hour. The exercise did not start until the task force emerged from the rain squall into a calmer sea under the grey-cold sky.

Air show over, the President's party adjourned to the Admiral's cabin for an official luncheon. Sitting at the luncheon table with President and Madame Chiang and 13 other Chinese dignitaries were Ambassador Rankin, Admiral Doyle, Admiral Beakley, Rear Admiral Frank Fenne, former Chief of Staff of USTDC and now Commander of Cruiser Division Five with Los Angeles as his flagship, and Admiral Joseph Carson, Commander of Carrier Division Seven.

This is the President's third visit to U.S. Seventh Fleet units but it is Madame Chiang's first experience with a Seventh Fleet maneuver.

President Chiang first witnessed a large-scale maneuver by the Seventh Fleet to demonstrate its defense capability in the Taiwan Straits on January 9, 1954. Exactly 10 months later, he took a 60-foot dive into the sea in a snorkel submarine of the Seventh Fleet.

Yeh Leaves on Visit to ME

Closely following the return of Vice Foreign Minister Shen Chang-huan from a successful tour of the Latin American countries last month, Foreign Minister George K. C. Yeh left on November 4 on his long-planned visit

to five Middle Eastern countries as head of a 4-member goodwill mission.

A special plane of the Chinese Air Force carrying Minister Yeh and his party is taking off early this morning for Manila where they will change to a commercial plane taking them to Saudi Arabia on the first leg of their visit to five Moslem countries in that part of the world. The other four countries are Iran, Iraq, Jordan and Lebanon.

On the eve of his departure Yeh stated that his mission would seek more understanding and closer cooperation with the ME countries through exchanges of views with officials and civic leaders of those countries on matters of mutual interest and on the general situation in that area.

Yeh further emphasized the necessity for all democratic countries to unite together in dealing with menace of world Communism. He said the mission was expected to return to Taiwan at the end of this month.

Minister Yeh's entourage will include Director Sheng Yueh of the West Asia Department and Specialist Chen Chia-po of the Foreign Ministry and Manager Wilfred Ling of the Purchasing Department of the Central Trust of China.

Mission to Latin America Returns

Vice Foreign Minister Shen Chang-huan returned to Taipei on November 3 with his five-man mission after completing a 50,000-mile 116-day goodwill visit to 19 countries in Central and South Americas.

The Special Envoy, who came home with more than a dozen medals conferred on him by the various governments in Latin America, told the press that he had found that the friendship of the Latin American governments and peoples toward Free China is both firm and lasting. He added that they also highly lauded Free China's struggle for freedom and fully recognize that Free China is not only fighting for it-

COMMONWEALTH



OF AUSTRALIA

TELEGRAMS & CABLES:-
"AUSTRADE"
HONGKONG

AUSTRALIAN GOVERNMENT TRADE COMMISSION
HONG KONG
TELEPHONE: 28062

WING ON LIFE BUILDING
22 DES VOEUX RD. CENTRAL
P. O. BOX 820

File 302/1/P

Memorandum 716



23rd December, 1957.

The Secretary,
Department of External Affairs,
CANBERRA.

Nationalist China - Relations with Australia.

The November 1957 issue of News Letter published in Taipei by the Chinese Association for the United Nations, contained an article entitled "The Australian Outlook" - a sympathetic analysis of Australian foreign and immigration policies.

2. The issue containing the text of the article is attached.

R.N. Birch
(R.N. Birch)
First Secretary.

File 302/1/1

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(R.N. Birch)
First Secretary.

CONFIDENTIAL

9th January, 1958.

DRAFT

519/3/1

CONFIDENTIAL

FOR THE SECRETARY

SECURITY CLEARANCES OF CHINESE APPLICANTS FOR
ADMISSION TO AUSTRALIA

In Taipei last October the Chinese Nationalist Foreign Minister (Dr. Yeh) raised with you the question of security clearances of Chinese applicants for admission to Australia. The Chinese Minister in Australia (Dr. Chen) also referred to this matter in a conversation with you on November 18th.

2. The Nationalist Chinese authorities have suggested they should be consulted before Australian entry visas are issued to Chinese. They claim that otherwise it might be possible for subversive elements to gain admission to Australia. They are particularly concerned with two aspects of this question.

(A) APPLICATIONS FOR ENTRY VISAS FROM CHINESE WHOSE ONLY TRAVEL DOCUMENTS ARE AFFIDAVITS ISSUED BY THE HONG KONG GOVERNMENT

3. The position of these Chinese is somewhat obscure. They are usually referred to simply as "Chinese resident in Hong Kong" or (less frequently) as "Chinese of undeclared allegiance". They are mainly refugees. Not being born in Hong Kong they cannot claim British citizenship or a British passport. They normally rely on an affidavit issued by the Hong Kong Government, in lieu of a passport (though technically they could probably apply either for a Nationalist or a Chinese Communist passport). The affidavit is also evidence of permission to re-enter Hong Kong.

4. The contention of the Nationalist Chinese authorities is that these Chinese "affidavit holders" should either,

CONFIDENTIAL

- (i) be required to obtain a Nationalist Chinese passport before an entry visa for Australia is granted, or, failing this,
- (ii) be cleared for security with the Nationalist authorities.

5. As to (i), we are in effect being asked to decide we will no longer accept the affidavit issued by the Hong Kong Government as a valid travel document for Australia, but will only grant an entry visa if the travel document takes the form of a Nationalist passport. This raises policy matters concerning the Department of Immigration which has indicated tentatively that a change along the lines suggested by the Nationalist authorities would create practical difficulties which would make it undesirable. Such a change would also have undesirable and possibly far reaching political implications. For example: it would amount to recognition that Hong Kong Chinese "affidavit holders" owe some allegiance to Formosa and would almost certainly create difficulties as regards the Hong Kong Government, ^{It can} which ~~could~~ not be expected to take account of the wishes of the Nationalist Government which ^{it does} they do not recognise. Moreover, the Chinese Communists, whom the British do recognise, could conceivably make similar demands so far as Chinese in Hong Kong are concerned.

6. As to (ii), there would seem to be no sound reason (political or otherwise) for security clearance of "affidavit holders" through the Nationalist Chinese authorities. The affidavits are a matter for the Hong Kong authorities who make appropriate security checks before issuing them. Moreover, there is no evidence either that our present arrangements for security clearances are inadequate, or that they would be improved by bringing Formosa into the picture.

7. If the Chinese applying for entry to Australia do not have affidavits but hold valid passports other than Nationalist Chinese passports (e.g. Hong Kong born Chinese holding British passports) it would seem quite wrong in principle to oblige

them to obtain a Nationalist Chinese passport before granting an entry visa, or to clear them for security through the Nationalist Chinese authorities. The Nationalist authorities have not seriously pressed this, however, except insofar as they are inclined to talk about "Chinese" in general (without referring to the kind of travel documents they would be using). The particular Chinese they seem to have in mind more are those whose only travel documents are the Hong Kong affidavits.

8. Our conclusion is that no steps be taken to comply with the Nationalist Chinese suggestions referred to above.

(B) USE OF AGENTS TO LODGE APPLICATIONS FOR ENTRY VISAS TO AUSTRALIA

9. Applicants for Australian entry visas may lodge their applications with the Department of Immigration through certain persons registered with the Department of Immigration as agents for this purpose under the provisions of the Immigration Act.

10. The Nationalist Chinese authorities apparently do not like this system of agents and feel that applications by Chinese for entry to Australia should be made through them (preferably through the Chinese Embassy in Canberra).

11. The Department of Immigration has no intention of abolishing this system of agents which works successfully.

Furthermore,

- (i) the agents may be used by any person (whether Chinese or not) who wishes to apply for an entry visa,
- (ii) the agents must be British subjects, resident in Australia and engaged in occupations appropriate to their function as agents, and
- (iii) an applicant is under no compulsion whatsoever to make use of an agent - the Department of Immigration neither encourages this procedure nor gives any kind of preferential treatment to applicants who use it.

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12. It would seem undesirable and impracticable to abolish or modify the system of agents for Chinese but not for other applicants. In any event, even if agents were abolished there would still be no reason why Chinese (even Nationalist Chinese) should be expected to apply for visas through the Nationalist authorities. All that is required is that the applications should reach the Department of Immigration (whether directly, through an agent, through a diplomatic mission, or in some other way, is a matter for the applicant himself).

13. In view of the above there would seem to be no grounds for considering any modification of the system of agents to meet the wishes of the Nationalist Chinese authorities.

14. It is recommended that the above conclusion on general procedure be conveyed to the Chinese Minister here. It could possibly be suggested, as a sop, that in given cases where there exists doubt and where the Nationalist authorities might be of assistance to us, we might avail ourselves of their advice. (This would need to be checked with Immigration).

15. As the Chinese have not made representations in written form they might be told the above orally.

(H. Marshall)
East Asia

HM/PC/JB

CONFIDENTIAL

519/3/1

EXTERNAL AFFAIRS.

MR. PLIMSOLL/

Security Clearances for Chinese

You may remember that the Nationalist authorities raised with the Secretary during his visit to Taipei the question of the security clearance of Chinese admitted into Australia.

We have looked into the matter in consultation with C&P. Mr. Curtis in consultation with me has prepared a draft (attached) that might be submitted in final form subject to any comments you have to offer, and that Mr. Cutler, to whom a copy of the draft has gone, has to offer.

D.L. took the view that there was no aspect of interest to them, even though we thought ASIO might have an interest

Hm
(H. Marshall)
East Asia

15th January 1958

Relevant papers only attached.

→ *Mr Marshall*
I agree with this, subject to any comments by Mr Cutler
J. Plimsoll
17/1/58

EXTERNAL AFFAIRS.

H. Marshall

~~Mr. Cutler/~~

Security Clearances for

Chinese

You may care to consider and comment on the attached draft submitted to Mr. Plimsoll.

You will recall that the question arose during the Secretary's visit to Taipei.

The draft was prepared by Mr. Curtis in consultation with C & P and under my direction.

H. Marshall
(H. Marshall)
East Asia Section

15th January 1958

*I agree with the draft.
In para 14 you offer a "soft" to
which I see no objection, although I
should not be inclined to offer it, since
it might start "the thin end of the wedge"
approach from below.*

16.1.58

9th January, 1958.

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DRAFT

519/3/1

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(H. Marshall)
East Asia

HM/PC/JB

CONFIDENTIAL

MMc

INWARD CABLEGRAM. I.19269

Dated: 19th December 1957
1456
Rec'd: 20th December 1957
0830

FROM:

Australian Embassy,
DJAKARTA.

file
519/3/1

544. CONFIDENTIAL.

The manager of the Charter Bank stated that the present financial situation warrants that all shippers should require confirmation of irrevocable letters of credit prior to shipping.

2. Hong Kong and Charter Banks always issued "confirmation of irrevocable" letters therefore there is no risk with \emptyset the two Banks. All other banks including the Bank of Indonesia open (irrevocable) letters only and all such should be confirmed prior to shipment in order to obviate possible and probable risk to shippers.

3. The Bank of China finally agreed last week after negotiations by this office to confirm letters of credit provided the Banks in Australia paid the costs of cabling the Bank of China head office for confirmation. Nevertheless request for confirmation was opposed at the outset.

4. The British Embassy informed me that the Bank of Indonesia has for seven days refused to confirm letters of credit opened for import from Britain. Involved £100,000 sterling. The British Embassy making representations December 19th to the Bank of Indonesia and I will advise you of the outcome.

5. Both the Hong Kong and Charter Banks confirm the present foreign exchange position of Indonesia most unhealthy and extreme caution should be exercised.

6. Request you do not publicise the names of the Hong Kong and Charter Banks in connection with the above advice.

\emptyset Corrupt group.

MIN. & DEPT. E.A.
TREASURER & TREASURY.
MIN. & DEPT. TRADE (C-M)
MIN. & DEPT. DEFENCE.
MIN. & DEPT. TERRITORIES.
MIN. & DEPT. PRIMARY INDUSTRY (C)
P.M.'s DEPT.
P.M.'s.

20th December, 1957.

SEC A/Ss LA UN TA ER CR PAC&AM EA AM&SP
S&SEA SA SEA E.A.F&M E INF DL MT C&P

G

CONFIDENTIAL



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TELEGRAMS & CABLES:-
"AUSTRADE"
HONGKONG

AUSTRALIAN GOVERNMENT TRADE COMMISSION
HONG KONG CONSULAR AFFAIRS
TELEPHONE: 28062

WING ON LIFE BUILDING
22 DES VOEUX RD. CENTRAL
P. O. BOX 820

File 302/I/I

Memorandum No. 67I

12 DEC 1957
519/311.
CANBERRA

7th December, 1957

The Secretary,
Department of External Affairs,
CANBERRA.

Security Clearances for Chinese.

I refer to your memorandum 82 of 20th November concerning the Nationalist Chinese request to be allowed to undertake security clearances for Overseas Chinese seeking admission to Australia.

he heard well
he said
hope to see
10/12

2. When the question was first raised in Taipeh the Chinese Foreign Minister introduced the matter quite deliberately as if it had received departmental consideration and his own approval. One must therefore speculate on the motives behind the Chinese request. As we know, both Nationalist and Communist Chinese Governments are endeavouring to increase their influence among communities of overseas Chinese whose propensity for fence-sitting has become notorious. There are known to be both K.M.T. and Communist operatives in Hong Kong where the majority of Chinese have refrained from adopting the citizenship of either party, but who travel abroad on certificates of identity - i.e. affidavits - issued by the Hong Kong Government. These affidavits bear no relation to nationality or citizenship and, indeed, must be surrendered if a national passport is issued to the bearer. If the principle is established that admission to Australia may be secured only after a security clearance has been given in Taipeh, the Chinese Nationalists will have gained a considerable ability to influence, and even to blackmail, the Chinese community in Hong Kong. This is possibly one of their main reasons for making the approach and it would be interesting to discover whether similar approaches had been made to other recipients of Overseas Chinese emigrants from Hong Kong.

3. This being so, we must have some sympathy for the Nationalist request. On the other hand we must also realise that the United Kingdom Government recognises People's Republic of China and would probably view with disfavour any implication that the Chinese Nationalists exercised authority over residents of the Colony of Hong Kong. Apart from the question of embarrassment in our own relations with the United Kingdom, the possibility must also be borne in mind of the Chinese Communists themselves making a similar request to the United Kingdom authorities in Hong Kong. If such a demand were made, the Chinese Nationalists might find themselves worse off than under the present arrangement in the sense that, by endeavouring to force overseas Chinese off the fence, they might induce more than the existing number to prefer allegiance to the mainland.

4. Again, the United Kingdom authorities in Hong Kong are making constant efforts (their motives, whether political or economic, need not be at issue) to maintain strict

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Memo 67I

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impartiality between Nationalist and Communist Chinese interests here. In addition to constant supervision of Communist activities in the Colony, they have had to clamp down on K.M.T. racketeers and intelligence agents, nearly 400 of whom have now been returned to Formosa. If Australia were to agree that a Nationalist agency should undertake security checks for residents of Hong Kong, it would presumably be necessary for the K.M.T. to open some sort of an office here. Not only would this be contrary to the British policy of reducing the number of K.M.T. personnel, and not only would it derogate from its recognition of Mainland China, but the arrangement might also provide opportunities for the Nationalists to improve their own type of subversion in the Colony (or, for that matter, in Australia.) Finally, difficulties would be created for the Overseas Chinese applicants themselves, since reference to Taipeh would add considerably to the time taken in considering their admission to Australia, (particularly if the time the Nationalists take to provide entry and exit permits to Taiwan is any indication.) The security clearances of Chinese which we receive from the United Kingdom authorities are as accurate as possible under present circumstances, and as ~~accurate as possible under present circumstances, and as~~ accurate as any security record can be of Chinese, who are the best in the world at subterfuge and change of identity. In Singapore, I discussed with S.I.F.E. the difficulty of providing a thorough clearance and officials there indicated that the best they could say is "no adverse record". Nevertheless we have no cause to be dissatisfied with this arrangement, and we have no reason to believe that Nationalist records are any more complete.

5. There is, however, one apparent anomaly which might be examined. Although Australia recognises the Nationalist Government, the Australian Immigration Officer in Hong Kong has been instructed by his Department not to issue visas for entry to Australia to overseas Chinese travelling on Nationalist Chinese passports. Applicants who are eligible for admission are required to obtain a Hong Kong affidavit and permission to re-enter Hong Kong within an indefinite period before they are authorised to proceed to Australia. In the twelve months ending 30th June, 1957, visas were granted to 177 students, 105 temporary assistants, 60 families, 5 businessmen and 37 tourists travelling on affidavits alone and the few visas issued to holders of Nationalist passports over the past seven years were mostly diplomatic visas. The Nationalist Government is presumably aware of this situation and would probably welcome some elasticity in the present arrangement, particularly as regards Chinese whose admission is negotiated through agents in Australia.

6. On balance, therefore, my reaction would be to treat the Nationalist request with a good deal of caution and, unless A.S.I.O. feels that present arrangements offer many loopholes for Communist Chinese infiltration into Australia, it seems undesirable to tamper with the existing system. If it is possible to do so, we might perhaps tell Dr. Chen that we have every sympathy for his request but that we are uncertain of our ability to ask his Government to give security clearances for residents in a third country whose government does not recognise Nationalist China. Moreover we would not wish to see his request ricochet if a

SECRET

Memo 67I

3.

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corresponding Communist request put the Chinese Nationalists in a worse position than they are at the moment. We might add that, while we are satisfied with present security checking, we would welcome any information which the Nationalist Government may obtain through its own intelligence organisation about potentially subversive elements seeking admission to Australia or actually resident in the Commonwealth.

If is not so much a matter of satisfaction but rather of accepting all of the safe thing that is available. Certainly, however, the request invites much caution indeed, as perhaps does also the suggestion at the end of the para. above. WJ

R.N. Birch
(R.N. Birch)
First Secretary.

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SECRET

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519/3/1
File 302/I/I

7th December, 1957

Memorandum No. 67I

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Memo 671

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(R.N. Birch)
First Secretary.

SECRET

EXTERNAL AFFAIRS.

File No. 519/2/1

Date 22nd November, 1957.

8179/56.

SUBJECT : CHINESE SECURITY CLEARANCES

FOR MR. MARSHALL.

This probably concerns two other Australian Departments in addition to ourselves, namely: Immigration and A.S.I.O. We have contacted Immigration who said that Dr. Chen has been in touch with them. Their view is that:-

1. Chinese who are holders of British and other passports, except Nationalist Chinese, should not be asked to obtain a Nationalist Chinese passport. (Chinese born in Hong Kong normally hold a British passport.)
2. The Agents referred to are Chinese in Australia who are registered with the Department of Immigration and are available for lodging visa applications with the Immigration Department in Australia. The Chinese Embassy apparently does not like this practice and feels that such applications should be made through them. Immigration has no intention of abolishing this system which has worked successfully since the time when Mr. Calwell was Minister for Immigration.

I personally agree with Immigration on the question of passports and feel that it is outside our province and it would be wrong, in principle, for us to suggest to Chinese holding British and other passports that they should either apply for a Nationalist Chinese passport, or seek approval from Nationalist China for any visit they wish to make to Australia.

CARL

(A.R. CUTLER)
Consular & Protocol Branch

→
D.L.

To consider & return pls.

Apr. 25/11

Mr Marshall E.A.

There is no aspect of this matter requiring comment by the Branch
[Signature]

Apr 25/11
Cutler to Cutler

Could you prepare draft submission for Secretary going into this issue & implications & making recommendation along lines that Chinese request not practicable, pls
Issue is new & all papers are here except request
W.H.K. for comment
Apr 27/11

22nd November, 1957.

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(A.R. CUTLER)
Consular & Protocol Branch

EXTERNAL AFFAIRS.

Consular & Protocol)

Defence Liaison)

Immigration
Ch. S. S. O
2/11

Chinese Security Clearances

Please see the attached papers with particular reference to the question of security clearances for Chinese coming to Australia.

The only representations made to us by the Chinese Nationalists have been those made to the Secretary in Formosa (references attached), and then Dr. Chen's reference in the record of conversation of 18th Nov.

The Secretary wishes to have the position carefully examined, as he is concerned with some of the implications of the Chinese point of view.

Could you please examine and offer advice in preparation of a submission to him?

H. Marshall
(H. Marshall)
East Asia

EXTERNAL AFFAIRS.Record of Conversation with the Chinese Minister (Dr. Chen Tai Chu)on 18th November, 1957Officers Present The SecretaryMr. MarshallMAIN SUBJECT(S):Secretary's Taiwan Visit

Dr. Chen called by appointment. He wanted to get the Secretary's impression of Taiwan, and asked if he had been taken care of on his visit there.

The Secretary said that he had been well looked after, and was very grateful for the hospitality shown him. He outlined the main details of his trip to Taiwan including places visited and discussions he had had with Government leaders, including the President, Foreign Minister Yeh and Vice Foreign Minister Chow Shu Kai.

The Secretary said that he had been impressed by the rural reconstruction programme in particular. He understood that the "land for the tiller" campaign was virtually completed, and his impression was that the tiller was well off according to the general standards of rice and sugar producers, and that there was a good deal of prosperity in the basic agricultural life of the community.

The Secretary said that he had referred in discussion with Finance Minister Hsu Po-Yuan to the stated national objective of return to the mainland and had asked was there not an inherent difficulty in economic planning in reconciling this objective with the objective of the due development of Taiwan, having regard to the rapidly expanding population. The Minister had agreed that there were difficulties, but that they were not insuperable. These difficulties related particularly to balance of payments and the need for accumulation of capital, especially private capital. The immediate military intentions of the Government had not been put to him, the Secretary stated. His impression was that the overriding policy was taken for granted, but other more immediate problems occupied the Government.

Dr. Chen said that the President had a high regard for Australia and especially valued the friendship of Australia. The Secretary said that he had discussed with the President Australia's relations with a number of countries, including Japan, the Soviet and Indonesia. With regard to Indonesia he (the Secretary) had dwelt on the steady accretion of Communist power there.

Security Clearances for Chinese

The Secretary mentioned the reference in Taipei by Foreign Minister Yeh to representations on the question

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Antarctic Div.
Melbourne Office.
Sydney Office.

FOLLOWING POST(S):

✓ HONG KONG

Report prepared by

H. Marshall
(H. Marshall)

ACTION:

of security clearances for Chinese admitted to Australia. Dr. Chen explained that there were two categories giving the Government concern, namely:

(a) These Chinese in Hong Kong coming to Australia who do not need to have a Chinese passport but merely hold an affidavit from the Hong Kong authorities. The Nationalist Government has no way of checking on these applicants. The ideal solution would be for them to apply for a Chinese passport (that is Nationalist) and be admitted only on presentation of that passport. This had "complications", and many preferred the affidavit.

(b) Chinese applicants entering Australia who do not apply through regular missions but apply through agents who appear to have some authority from the Commonwealth to act for the applicants provided that they are British subjects. The practice of using such agents was dying out, but was still in limited use and affected some Chinese.

The Secretary said that he was not familiar with this system of the use of agents. He would look into the matters raised by the Minister. He presumed that the question of nationality was relevant in such cases, and he would not be sure of the category in this regard that Chinese from Hong Kong would come into. Dr. Chen agreed that this was a difficult point. The Chinese born in Hong Kong got a British passport, but those not born there relied on the affidavit.

Question of Australian Mission in Taipei

In reply to Dr. Chen, the Secretary indicated that he had discussed while in Taipei the question of Australian diplomatic representation there. He had stated that there was no immediate prospect of making any appointment. He had been asked to consider the possibility of a "concurrent" appointment, that is, of an accredited representative elsewhere, say Manila, also including Taipei in his jurisdiction. Australia, however, did not favour such a practice for a number of reasons including possible conflict of jurisdiction. The Secretary had pointed out in Taipei that there were already about seven countries represented in Australia whose missions we were unable to reciprocate; in addition approaches had been made to us by about six other countries not represented in Australia, to all of whom we have replied that we could receive a mission but that we would have to waive reciprocity.

Nationalists Diplomatic Status

The Secretary indicated that he had spoken to Dr. Yeh about Nationalist China's diplomatic standing. Dr. Yeh had seemed satisfied with the recent General Assembly vote on the moratorium on Chinese Communist representation in which there had been three explicable additions to the vote opposing the moratorium (from 24 to 27).

Cultural Relations

Dr. Chen reverted to the Secretary's Taiwan visit and invited his comments on improvements that might be undertaken in Taiwan. The Secretary said that it would be impertinent of him to offer advice. Dr. Chen felt that the Secretary's visit had had meaning in terms of closer relations between Taiwan and Australia. In reply to the

Secretary's question regarding the extent to which institutions in Taiwan offer facilities for overseas Chinese, Dr. Chen stated that on the whole there was no restraint against the admission of overseas Chinese, but the big problem was one of accommodation. Also admission to the universities, whose standards were high, was very competitive.

Dr. Chen suggested that, as Australia formed a useful east-west bridge, scholarships and an exchange of students and professors between Australia and Taiwan as part of a cultural interflow would be desirable. He felt that there was much interest in Australia in Chinese art and literature. Mr. Tange said that the Colombo Plan was our only present vehicle on a Government level for scholarships and that we had not yet gone into the question of scholarships outside this Plan. On cultural exchanges generally we do not make formal agreements but tend to act pragmatically.

Trade

Dr. Chen referred to the question of trade between Australia and Formosa. The Secretary said that he had had no particular brief to discuss this in Taipei. He supposed that the opportunities for trade were fairly limited because there was little Australian demand for Taiwan's basic products such as rice and sugar in which we ourselves were self-sufficient. The Secretary asked what progress had been made in regard to Australia's purchasing refined oil from Taiwan. Talks were still going on, Dr. Chen replied.

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SECURITY CLEARANCES FOR CHINESE APPLICANTS FOR ADMISSION

TO AUSTRALIA -

Representations by Chinese Nationalist Government.

The following comprises an extract from the Secretary's report on his recent visit to Taipei and an extract from a record of conversation between the Secretary and the Chinese Nationalist Minister of Foreign Affairs which took place during that visit:-

- (i) The Foreign Minister will obviously expect a reply to his suggestion that Nationalist China might be asked for security clearances of Chinese applicants for admission to Australia. The principles involved will require considerable discussion among the various Australian authorities concerned.
- (ii) This discussion led Dr. Yeh to ask whether his Vice-Minister had taken up with Mr. Tange the question of security clearances for Chinese admitted to Australia. Mr. Tange said that he had heard nothing about it. Dr. Yeh then asked whether it would be possible for Australia to consult his Government before any visas were issued to Chinese proceeding to Australia. He said that Nationalist China maintained more detailed security records of China than anyone else and that if it was not consulted it might be possible for subversive elements to gain admission. He therefore hoped that it would be possible for Australian visa issuing authorities to arrange some prior contact. Dr. Yeh made no reference to the travel documents on which the Chinese would be travelling although he referred to affidavits issued by the Hong Kong authorities which, he said, could be withheld pending a security clearance from Taipei. Mr. Tange said that he would have to look into the matter since it had many ramifications.

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EXTERNAL AFFAIRS.

→ file

File No. 519/3/1

Date 20th November 1957

2950/55.

SUBJECT

SECRETARY'S REPORT ON FORMOSA VISIT

FOR The Secretary

A copy of Foss Shanahan's report on his visit to Formosa in 1956 was made available to us by the New Zealanders and was most useful especially in preparing the brief for your visit.

Would you see any objection to our handing a copy of your Report, including records of conversation, to the New Zealanders, who have expressed an interest in it?

A.H. Loomes

(A.H.Loomes)
Pacific & Americas

H.M.

Note:

Possible Queries

I suggest that there are three possible queries the Secretary might like to consider in regard to passing a copy of the Report to the New Zealanders.

Each is marked X and refer respectively to:

1. Thoughts on the effects of recognition of Peking.
The change in Government in New Zealand may make it prudent to leave out.
2. Suggestion that only Australia will do any thinking about the problem of Formosa as a distinct problem in itself.
3. Franklin comments on Dr. Chen.
The Secretary may prefer this not to be circulated.

H.M.
(H.Marshall)
East Asia

I agree subject to emissions forwarded. H.M.



TELEGRAMS & CABLES:-
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HONGKONG

AUSTRALIAN GOVERNMENT TRADE COMMISSION
HONG KONG
TELEPHONE: 28062

WING ON LIFE BUILDING
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P. O. BOX 820

File 302/I/I

7th December, 1957

Memorandum No. 67I

The Secretary,
Department of External Affairs,
CANBERRA.

Security Clearances for Chinese.

I refer to your memorandum 82 of 20th November concerning the Nationalist Chinese request to be allowed to undertake security clearances for Overseas Chinese seeking admission to Australia.

2. When the question was first raised in Taipeh the Chinese Foreign Minister introduced the matter quite deliberately as if it had received departmental consideration and his own approval. One must therefore speculate on the motives behind the Chinese request. As we know, both Nationalist and Communist Chinese Governments are endeavouring to increase their influence among communities of overseas Chinese whose propensity for fence-sitting has become notorious. There are known to be both K.M.T. and Communist operatives in Hong Kong where the majority of Chinese have refrained from adopting the citizenship of either party, but who travel abroad on certificates of identity - i.e. affidavits - issued by the Hong Kong Government. These affidavits bear no relation to nationality or citizenship and, indeed, must be surrendered if a national passport is issued to the bearer. If the principle is established that admission to Australia may be secured only after a security clearance has been given in Taipeh, the Chinese Nationalists will have gained a considerable ability to influence, and even to blackmail, the Chinese community in Hong Kong. This is possibly one of their main reasons for making the approach and it would be interesting to discover whether similar approaches had been made to other recipients of Overseas Chinese emigrants from Hong Kong.

3. This being so, we must have some sympathy for the Nationalist request. On the other hand we must also realise that the United Kingdom Government recognises People's Republic of China and would probably view with disfavour any implication that the Chinese Nationalists exercised authority over residents of the Colony of Hong Kong. Apart from the question of embarrassment in our own relations with the United Kingdom, the possibility must also be borne in mind of the Chinese Communists themselves making a similar request to the United Kingdom authorities in Hong Kong. If such a demand were made, the Chinese Nationalists might find themselves worse off than under the present arrangement in the sense that, by endeavouring to force overseas Chinese off the fence, they might induce more than the existing number to prefer allegiance to the mainland.

4. Again, the United Kingdom authorities in Hong Kong are making constant efforts (their motives, whether political or economic, need not be at issue) to maintain strict

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*from aff/12 in ...
E.A. is taking action*

→ E.A. - not for Defence

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impartiality between Nationalist and Communist Chinese interests here. In addition to constant supervision of Communist activities in the Colony, they have had to clamp down on K.M.T. racketeers and intelligence agents, nearly 400 of whom have now been returned to Formosa. If Australia were to agree that a Nationalist agency should undertake security checks for residents of Hong Kong, it would presumably be necessary for the K.M.T. to open some sort of an office here. Not only would this be contrary to the British policy of reducing the number of K.M.T. personnel, and not only would it derogate from its recognition of Mainland China, but the arrangement might also provide opportunities for the Nationalists to improve their own type of subversion in the Colony (or, for that matter, in Australia.) Finally, difficulties would be created for the Overseas Chinese applicants themselves, since reference to Taipei would add considerably to the time taken in considering their admission to Australia, (particularly if the time the Nationalists take to provide entry and exit permits to Taiwan is any indication.) The security clearances of Chinese which we receive from the United Kingdom authorities are as accurate as possible under present circumstances, and as ~~accurate as possible under present circumstances, and as~~ accurate as any security record can be of Chinese, who are the best in the world at subterfuge and change of identity. In Singapore, I discussed with S.I.F.E. the difficulty of providing a thorough clearance and officials there indicated that the best they could say is "no adverse record". Nevertheless we have no cause to be dissatisfied with this arrangement, and we have no reason to believe that Nationalist records are any more complete.

5. There is, however, one apparent anomaly which might be examined. Although Australia recognises the Nationalist Government, the Australian Immigration Officer in Hong Kong has been instructed by his Department not to issue visas for entry to Australia to overseas Chinese travelling on Nationalist Chinese passports. Applicants who are eligible for admission are required to obtain a Hong Kong affidavit and permission to re-enter Hong Kong within an indefinite period before they are authorised to proceed to Australia. In the twelve months ending 30th June, 1957, visas were granted to 177 students, 105 temporary assistants, 60 families, 5 businessmen and 37 tourists travelling on affidavits alone, and the few visas issued to holders of Nationalist passports over the past seven years were mostly diplomatic visas. The Nationalist Government is presumably aware of this situation and would probably welcome some elasticity in the present arrangement, particularly as regards Chinese whose admission is negotiated through agents in Australia.

6. On balance, therefore, my reaction would be to treat the Nationalist request with a good deal of caution and, unless A.S.I.O. feels that present arrangements offer many loopholes for Communist Chinese infiltration into Australia, it seems undesirable to tamper with the existing system. If it is possible to do so, we might perhaps tell Dr. Chen that we have every sympathy for his request but that we are uncertain of our ability to ask his Government to give security clearances for residents in a third country whose government does not recognise Nationalist China. Moreover we would not wish to see his request ricochet if a

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corresponding Communist request put the Chinese Nationalists in a worse position than they are at the moment. We might add that, while we are satisfied with present security checking, we would welcome any information which the Nationalist Government may obtain through its own intelligence organisation about potentially subversive elements seeking admission to Australia or actually resident in the Commonwealth.

hd
(R.N. Birch)
First Secretary.

PC:MK

13th December, 1957.


519/3/1

The Director,
Joint Intelligence Bureau,
Victoria Barracks,
MELBOURNE, Vic.

TAIWAN

....
I enclose herewith some publications which we have received from the External Affairs Officer in Hong Kong and which you may find of interest. They include:

- (a) Taiwan Agricultural Facts
- (b) Land Reform in Free China
- (c) Taiwan Exports.

(H. Marshall) 
for the Secretary.

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HONG KONG
TELEPHONE: 28062

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22 DES VOEUX RD. CENTRAL
P. O. BOX 820

1st November, 1957.



File 301/1

Memorandum No. 582

The Secretary,
Department of External Affairs,
CANBERRA.

Secretary's Visit to Taiwan.

... At the Secretary's request, I enclose draft
... records of conversations during his recent visit to Taiwan.
Also attached is a draft report on his visit which he
suggested might also be sent to him along with the records
of conversations.

R.N. Birch
(R.N. Birch)
First Secretary.

Mr. [unclear]

Secretary has original.

*We will need to discuss
... e.g. District (N.Z.?)
Security clearance.*

Mr. [unclear]

Chm. "11"

Mr. Marshall

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SECRET AND GUARD

D R A F T

RNB:HPL

Visit to Taiwan

From October 20-23rd I paid a visit to Taiwan with my wife and Mr. R.N. Birch, accepting an invitation from the Chinese Nationalist Government to be its guests. The itinerary and records of conversations are attached and my conclusions are summarised below.

1. THE REPUBLIC OF CHINA

In the opinion of the United States Ambassador in Taipei, the foreign press has done its best to discredit the Nationalist regime in recent years. Whether or not this is so, an impression has certainly been given abroad that Formosa is simply an armed camp with ageing Chinese troops, complete Chinese Nationalist despotism over indigenous Taiwanese, and an economy dependent on American aid and its international prestige diminishing. I have endeavoured to assess the validity of such assertions.

(a) Military Factors

The Nationalist armed forces total about 630,000, 55% of whom are in the Army. According to all reports, their average age has been reduced ^{to 25} and an effective system of retirement and recruitment is supplemented by two years of compulsory National Service training. It cannot now be considered obsolescent. The proportion of indigenous Taiwanese in the services is nearly 30% and is expected to reach over 50% within two years. Both American and Chinese officials referred to the loyalty and determination of Formosan recruits and, although a mere handful of them have become officers, they are regarded as good material for an invasion of the mainland. Equally, the Chinese Communist defectors from Korea are considered to be reliable - possibly more so because they have

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chosen to abandon Communism.

All three Services appear to be in a high state of military preparedness and their morale sound. Nevertheless, the Nationalists lack naval capability for launching an attack against Communist China and they must recognize their inability, regardless of other political factors, to act without complete United States support.

Nationalists and Americans implied that they calculate the success of any invasion to depend entirely upon the extent to which the Communist military and civilian population defects to the liberating army. If this is true, it is important that their intelligence should be of the highest order so as to avoid any risk of miscalculation. This is particularly true of political intelligence and assessments of mainland morale. The Prime Minister said his network of operatives inside China had supplied overwhelming proof that morale is low and the people ready to overthrow Communism. He obviously wishes to believe this. Mr. Dulles has expressed his conviction of the impermanency of the Communist regime in China. If such political considerations are supplemented by Nationalist military capability, it is conceivable that an attack could be launched without prior international consultation. The danger lies in the possibility that Free China will have been misinformed on the strength of mainland resistance, and it is important for us to gain an accurate assessment of their thinking.

(b) Political

There is no question that the K.M.T. dominates political life on Formosa and that Chiang Kai-shek dominates the K.M.T. Chen Cheng is his deputy and understudy, and

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sources were inclined to discount the possibility of competition from Chiang Ching-kuo if his father died. Both the K.M.T. and Central Government institutions have overwhelming Chinese membership and Taiwanese, while they have yet to be politically organised, appear to exercise little influence on the island. In this sense, a form of party dictatorship could probably be said to apply. Taiwanese are elected to provincial assemblies, but rarely to central yuan, and the whole weight of party organisation was flung into the recent electoral victory of a K.M.T. candidate over the Taiwanese Mayor of Taipei. Equally, there is evidence of political indoctrination of recruits in the armed services and strict supervision of their ideological training. On the other hand, there were few indications that Formosa is a police state and in rural areas, the constabulary was conspicuously absent, and the people seemed contented and industrious. Internal Security is said to raise no problem.

The most important question arises from the very lack of political consciousness by the numerically superior Taiwanese. One source described K.M.T. security authorities as being as concerned over local political organisations as over Communist subversion and it is possible that they have at the back of their minds the danger of Japanese political infiltration in Formosa. Outspoken criticism of Japan and the Japanese came from a great number of different quarters in Taiwan.

(c) Economic Situation

Taiwan's economic dependence on the United States is freely admitted at the highest levels, although it is stressed that the obligation to maintain the armed forces imposes an unnatural strain on State expenditure. The Finance Minister quoted a figure of 20% of National Income for defence although

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SECRET AND GUARD

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the Budget shows 80% of State revenue to be spent on defence. American economic aid is of the order of \$US100-150 million a year, and JUSMAG takes some of the load off training commitments. Nevertheless the island itself appears to have considerable industrial as well as agricultural potential and a good deal of the mountainous hinterland remains to be developed. The Nationalist Government seems to have a firm grip on its economic problems and has successfully held inflation in check over several years. Admittedly there is scope for increased capital accumulation if Taiwan is to survive as an economic and political entity independent of American subsidies, but for a regime whose avowed purpose is to return to the mainland, performances to date on the basis of predominantly agricultural production are creditable. Fertiliser industries, fisheries, coal, timber are being developed and the U.S.-assisted agrarian reform programme, despite all its window-dressing, is apparently sound. There may be some value in increasing the amount of Overseas Chinese investment in Taiwan but the Government does not seem enthusiastic and the Overseas Chinese themselves prefer more profitable real-estate enterprises in Hong Kong. On the whole, the Government appears to have settled down to solid economic planning as if on the assumption that their tenure is likely to be more long-term than simple mobilisation of an invading army would require.

(d) International Status

The Foreign Minister said he had no reason to be pessimistic over Nationalist China's international status. He said he had consolidated relations with those countries who still refused to recognise the Communists, and was endeavouring to win over uncommitted members of the Asian African bloc. His relations with Malaya are apparently good. The British Consul referred to a noticeable improvement

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in the Nationalist attitude towards the United Kingdom and he expressed the opinion that they wished to avoid any extremism which might precipitate international antipathy. A resolution by the K.M.T. Eighth National Congress in October 1957 called on the Government to strengthen its relations with all non-Communist countries even if they recognise Red China. Likewise, the Government has so far refrained from insisting on representation at the Red Cross conference in New Delhi. It may realise, without openly admitting, that a solution to the Two Chinas problem does not lie in force of arms, and that, by contrasting its own international behaviour with that of the Communists, by arousing no antagonism, and by persisting in its economic development programmes for Taiwan, any peaceful settlement of the issue which may be brought about by international pressure will at least not react to its own disadvantage.

The American Ambassador however described an "iron barrier" between Formosa and the Mainland - which must "move either way". This formula presumably does not permit the establishment of two independent Chinese Republics in the Far East. The Ambassador may share the belief that the ultimate return to the mainland is within the realm of possibility, and is only a question of time.

Nevertheless, whether the deadlock is ended in a peaceful or warlike manner, it is obviously in Nationalist interests not to damage their international reputation, and they appear determined to pursue a moderate line.

2. RELATIONS WITH AUSTRALIA

Relations between Nationalist China and Australia appear to be good, even if judged only by the treatment I was given in Taiwan and the readiness of Government officials to

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discuss their domestic and international problems. It is important that nothing be done to prejudice this relationship in the event that Australia is able to mediate on a possible peaceful settlement of the "Two Chinas" dispute. In particular, efforts should be made to encourage visits to Formosa by Australian officials and parliamentarians.

Two approaches were made by Foreign Ministry officials about Australia reciprocating the Chinese mission in Canberra. One came from the Vice Foreign-Minister, Dr. Chow Shu-kai, the other from Mr. Johnson Pao, a Ministry official. In both cases Australia's staffing problems were stressed, and mention made of other countries whose representation in Australia cannot be reciprocated, or who have declined to open missions in Canberra without reciprocation. The Chinese officials expressed regret but appeared to understand the position.

The Foreign Minister will obviously expect a reply to his suggestion that Nationalist China might be asked for security clearances of Chinese applicants for admission to Australia. The principles involved will require considerable discussion among the various Australian authorities concerned.

Trade between Free China and Australia was mentioned on several occasions and hope expressed for expansion. Apart from tea and petroleum, however, Australia would probably prefer its established sources of supply, and must maintain a trade balance with the main importers of Australian wool.

(A.H. Tange)
Secretary.

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D R A F T

RNB:HPL

Record of Conversation with Mr. O.K. Yui, President of the
Executive Yuan

On 21st October, 1957

Officers Present - Mr. Tange
Mr. Birch
.....

Mr. Yui welcomed the Secretary to Taiwan and expressed his regret that the stay would not be longer. He referred to the increasingly close relations between Free China and Australia and to the number of recent Australian visitors to the Island. He made particular mention of Sir Wilfred Kent Hughes - "a jolly good fellow". He said that he hoped it would be possible for him to visit Australia at some stage and the Secretary replied he hoped Mr. Yui would be able to do so.

2. The Secretary asked Mr. Yui about the status of indigenous Taiwanese in the administration. Mr. Yui outlined their representation in municipal organisations and in the Army. He said that Taiwanese comprised by far the greatest majority in all the provincial organisations and there were in fact one or two of them in the Legislative Yuan. As for the Army he said the proportion at the moment was nearly 70% Taiwanese and 30% Chinese and that the rate of intake would bring the ratio to 50-50 within two years. He said that the Government felt confident of their loyalty and that they wholeheartedly supported Nationalist aspirations for a return to the mainland. As he said, they are only too well aware of what is involved if communism is established in Taiwan.

3. He referred to his own position in the Government and the fact that as President of the Executive Yuan he had the responsibility for running the country. He was obliged, however, to accept direction from the Legislative Yuan although

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the constitution made it possible for him to appeal to the President if he disagreed with any directions he received. Alternatively he could resign. Neither course has proved necessary so far. Mr. Yui spoke of the stability of the Nationalist regime on Taiwan although he admitted its economic dependence on United States aid. He said that his Government was endeavouring to be as self-sufficient as possible and at the same time to promote the welfare of the indigenous population. He thought relations between the people and the Army were very good. He also referred to reports that the Nationalist Army was ageing and said that the current intake had in fact reduced its average age to about 25. He contrasted conditions on Taiwan with those on the mainland where economic and political difficulties have become apparent. Asked what evidence he had of this Mr. Yui said that the Nationalist Government maintained a network of intelligence operators on the mainland and received regular reports from them concerning popular antipathy towards the Communist Regime.

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Record of Conversation with Mr. Hsu Po-Yuan, Minister of Finance
On 21st October, 1957

Officers present - Mr. Tange
Mr. Birch

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....

The Minister of Finance welcomed the Secretary to Taiwan and asked what lines of investigation he was pursuing. Mr. Tange said that he had come with an open mind to find out as much as he could about an area on which there had been many conflicting reports. From what he had seen he said he thought Taiwan was very much a going concern and he wondered if the Minister of Finance could outline some of his problems.

2. Mr. Hsu confirmed that the economy is viable although he referred to its dependence on American aid. He pointed out that 20% of the national income is in fact spent on maintaining the defence forces and that if this were not such a big commitment Taiwan could possibly afford to dispense with American assistance. He said that this ratio was higher than in most countries except for Japan where 23% of the national income was spent on military establishments. The Secretary questioned the accuracy of this figure, and expressed surprise that the figure for Taiwan was not higher.

3. Mr. Hsu described Taiwan's trade pattern - the importance of sugar and rice exports and the development of secondary industries, cotton textiles, shipbuilding, etc. He said Taiwan has a surplus of cotton textiles for export at the moment but costs were a little higher than those in Japan. Trade with Australia was discussed and the Minister said he hoped it could be expanded, for instance tea, petroleum etc. While her exports and imports almost balanced, Taiwan had been forced to import a considerable amount of unnecessary commodities - e.g. dried fish from Japan, to make up deficits in current payments. Account had also to be taken of invisibles which

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2.

amounted to U.S. \$10 million a year. These included such items as repatriation of foreign investment, remittances of profits, and the maintenance of some 60 Chinese Embassies abroad.

4. The Secretary asked Mr. Hsu how Government got its money to carry out internal reform and develop local industries. Mr. Hsu said that most of it came from taxation. Income tax alone brought in about 10% while a form of income tax related to land and household properties. The total taxation revenue was about 60% of the total revenue. He said he felt it would be possible to increase this proportion if necessary, since there was probably a good deal of evasion. He said that overseas Chinese investments in Taiwan were not significant because the Government imposed certain restrictions on both the investment and repatriation of foreign capital in order to curb inflation. It had been successful in stabilising costs over the past 4 or 5 years.

SECRET

Record of Conversation with Dr. George K.C. Yeh, Minister of Foreign Affairs

On 21st October, 1957

Officers Present - Mr. Tange
Mr. Birch

.....

Welcoming Mr. Tange to Taiwan, Dr. Yeh referred to their association in the United Nations. The Secretary asked Dr. Yeh how the Chinese Nationalists estimated their United Nations support and the Minister said that they had every reason to be satisfied. They had lost 3 votes on the moratorium resolution - Saudi Arabia (in retaliation for China's refusal to endorse the Oman resolution), Morocco and Ghana. He said he felt some more work would be necessary on Ghana. He referred to his own projected Middle East tour in November and to the number of Nationalist diplomatic missions in that area.

2. Mr. Tange asked Dr. Yeh about his Government's relations with Japan. Dr. Yeh said that he thought they were entirely satisfactory, if only because Japan could not afford to disassociate herself from the United States. He said there was no question that the Socialist Party and certain popular organisations were actively pressing for recognition of Communist China, but Mr. Kishi had given him a personal assurance that as long as he was Prime Minister, the Japanese Government would not yield to such pressure. Dr. Yeh spoke disparagingly of Mr. Kishi's choice of a Foreign Minister in Mr. Fujiyama and to the predominance of low grade political appointees in the Japanese Diplomatic service. "We are all obliged to make a certain number of political appointments" he said but a number of excellent Japanese career diplomats had been taken from key appointments overseas and replaced by emissaries whom he obviously thought to be incompetent.

2.

3. Dr. Yeh then referred to the Japanese Development Fund. He said that Mr. Kishi had first broached the matter with him when he was visiting Tokyo. Dr. Yeh had counselled caution since he believed there would be opposition from other bilateral and multilateral aid programmes and he suggested that Mr. Kishi should endeavour to sound out the reactions of various countries before making any announcement. His advice was not taken, however. He himself was not in favour of the Fund although he recognised Japan's need for increased trade if she is to survive economically. He also recognised that Japan had to be offered some alternative to trading with Mainland China, although he felt that here there was a good deal of over-optimism on the prospects of greatly increased returns from the China trade. He said that he had offered Mr. Kishi the support of his Government in persuading Overseas Chinese communities in South East Asia to market Japanese-produced goods but he felt that the Japanese themselves were neglecting a number of excellent pre-war trade lines which offered a much greater future. He referred particularly to the United States Christmas trade and to the sale of religious paraphernalia to Middle East Arabs.

4. Questioned on the likelihood of Overseas Chinese being prepared to accept guidance from the Nationalist Government, Dr. Yeh said that he estimated support for his Government at about 80%. He referred to difficulties in countries whose Governments recognised Communist China and to the need to make some alternative lines of contact (a Foreign Ministry official had earlier informed Mr. Birch that Chambers of Commerce were being developed as the main channel of communication in South East Asian countries).

3.

5. This discussion led Dr. Yeh to ask whether his Vice-Minister had taken up with Mr. Tange the question of security clearances for Chinese admitted to Australia. Mr. Tange said that he had heard nothing about it. Dr. Yeh then asked whether it would be possible for Australia to consult his Government before any visas were issued to Chinese proceeding to Australia. He said that Nationalist China maintained more detailed security records of China than anyone else and that if it was not consulted it might be possible for subversive elements to gain admission. He therefore hoped that it would be possible for Australian visa issuing authorities to arrange some prior contact. Dr. Yeh made no reference to the travel documents on which the Chinese would be travelling although he referred to affidavits issued by the Hong Kong authorities which, he said, could be withheld pending a security clearance from Taipei. Mr. Tange said that he would have to look into the matter since it had many ramifications.

6. Dr. Yeh referred to the support his Government had received from the newly elected member of the United Nations - Malaya. He said he was in personal correspondence with Tunku Abdul Rahman and they had exchanged assurances of complete co-operation. Dr. Yeh had told the Tunku that he would not embarrass him by asking for an exchange of diplomatic representatives but he hoped that once the communist bandits had been eliminated it would be possible to make some arrangements.

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D R A F T

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Record of Conversation with Mr. Karl L. Rankin, United
States Ambassador in Taipei

On 21st October, 1957

Officers present - Mr. Tange
Mr. Birch

....

Mr. Rankin said he was pleased to see the Secretary in Taiwan because he felt that over the past 2 or 3 years the press had done all it could to discredit the Nationalist regime. He himself felt that it was entirely self-reliant and that the Government was doing a good job. It had introduced land reform, effective administration and a stable economy and there could be no question of dissatisfaction among Taiwanese population who comprised four-fifths of the total. He said the Army consisted of 23 Divisions plus 3 or 4 specialist Divisions and 9 Divisions of reserves who were given regular refresher courses. He said the United States had only 200 men in combat readiness on the island and implied that most of them are connected with the Matador atomic guided missile project. The Matador, he said, was a powerful psychological factor in the Formosa Straits.

2. Mr. Rankin then referred to the general situation in East Asia as between Peking and Taipei. As he described it, there is an iron barrier in the Formosa Straits which cannot remain there indefinitely. It must move one way or the other, either next week or next year or in five years' time "although I don't think it will go that long". He said he thought tension had eased lately, although neither party appeared willing to compromise.

3. He referred to the number of reconnaissance flights made by the Nationalist Airforce over the mainland and to intelligence reports on the build-up in the East China

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coast area. He said that all the air-strips have now been completed but there is no evidence that any of them have been occupied. He said a number of MIG 17s were now appearing in the China skies but that they were rather light and that the slower reconnaissance F84Fs, being heavier, were usually able to escape by diving.

4. Mr. Rankin described the success of the land reform programme which the Secretary had seen that afternoon. It was he said obviously a show piece laid on for visitors but that beneath the veneer there is a good deal to be said for the programme. Agricultural development in Taiwan is limited by a lack of cultivable land and by the small size of holdings which acted to the detriment of large scale mechanisation. Nevertheless the development of industries, particularly the fertiliser industry, and the development of communications in the relatively inaccessible centre of the island gave a considerable potential.

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D R A F T

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RNB:HPL

Record of Conversation with Generalissimo Chiang Kai-shek
and Madame Chiang Kai-shek

On 22nd October, 1957

Officers present - Mr. Tange
Mrs. Tange
Mr. Birch

.....

General Chiang Kai-shek postponed an earlier audience he had granted the Secretary in order that he might give him more time. As it turned out, the President, who usually restricts interviews to about 15 minutes, conversed with the Secretary for 45 minutes and provided light refreshment. The Vice Foreign Minister, Dr. Chow Shu-kai told Mr. Tange that this was a significant departure from custom.

2. The President is nearly 71 but still appears to be mentally alert, if physically somewhat enfeebled. He discussed with Mr. Tange such questions as Australian trade with Japan, Communism in Indonesia and Communism in Australia, and appeared to be well-informed. He asked after Mr. Casey and said he understood he was in Saigon for a Colombo Plan Meeting. He speaks no English but appeared to understand it, although he generally smothered his reaction until the translator had finished. Madame Chiang Kai-shek, one of the Soong sisters, is much younger, speaks excellent English and spent most of her time discussing with Mrs. Tange women's organisations in "Free China" and the Chinese Communist atrocities on the mainland.

3. Most of the conversation was at a drawing-room level, and the President seemed disinclined to invite a discussion on his regime and its foreign relations.

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D R A F T

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Record of Conversation with Mr. Andreas A. Franklin,
British Consul, Tamsui

On 22nd October, 1957

Officers present - Mr. A.H. Tange
Mr. R.N. Birch

.....

The Secretary invited Mr. Franklin to dinner to discuss with him the general situation in Taiwan. He first asked him about relations between Taiwanese and Nationalist Chinese. Mr. Franklin said that despite any indications the Secretary may have received that all was well, he himself believed that there was considerable antipathy among indigenous Taiwanese towards the Nationalists. This opposition was not politically organised and possibly fewer than 10% of the Taiwanese were politically conscious, but K.M.T. security authorities were as much concerned with Formosan political organisation as they were with Communist activities. The former mayor of Taipei, a Formosan, had in fact been replaced by a K.M.T. nominee in the May 1957 elections during which the K.M.T. supporter had the whole weight of the party machine behind him.

2. Speaking on Nationalist China's foreign policy, Mr. Franklin said that he was conscious of increasing conservatism. This he attributed to Dr. Yeh, a man whose particular ability lay in his blend of modern practical-mindedness with Chinese traditionalism. His health, however, was poor. Mr. Franklin said that he felt it was probably Free China's policy to play things along quietly for a while, in the belief that, provided they make few mistakes, they would enhance their international prestige and possibly assist in an eventual settlement of the two Chinas question. He said that, given the facts of United States aid, economic stability had been assured, the internal security position had been improved and

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living standards had generally been raised. Mr. Franklin had been encouraged by the trend of contacts with the United Kingdom despite its recognition of Communist China. The Nationalists gave him every assistance, had sent an opera team to London, refrained from attacking British shipping in the Formosan Straits and were generally playing the game very quietly. Mr. Franklin hoped to see more journalists visiting Taiwan for, apart from Crozier of the Economist, no British journalist had visited Taiwan for 2 years.

3. Mr. Franklin was asked to comment on a report that the Chinese Minister to Australia had been impeached by 23 votes to 22 and on the American assessment that this had been the result of Executive Yuan hostility towards the Foreign Minister. Mr. Franklin said that the impeachment had actually been a 22-22 tie but that a sick member had been dragged from his bed and had cast a deciding vote against Dr. Chen. He himself felt that the impeachment meant very little. As for the possibility that the move was the result of domestic politics he said he felt the Executive Yuan had better ways of sniping at the Foreign Minister if it wanted to. The real trouble, he thought, arose from his understanding that Dr. Chen had never been given any instructions or advice concerning the Matador announcement but had made his press statement on the basis of information conveyed to him by the American Embassy in Canberra.

4. Mr. Franklin referred to the consular protection he affords Australian citizens and the visa work he has to perform on behalf of the Commonwealth Government. He said the duties were not particularly onerous and he had no pressing problems apart from one or two questions of admission over which he was in correspondence with the Department of Immigration.

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Record of Conversation with a number of American and Chinese
Nationalist Service Officers.

On 21st October, 1957

Officers present - Mr. Birch.

.....

At a dinner given by the Counsellor of the American Embassy in Taipeh, I spoke to a number of high ranking officers of the United States and Nationalist Chinese Armed Services.

2. General Bowen, Head of the Joint United States Military Aid Advisory Group and General A.L. Huang, Commander-in-Chief of Combined Service Forces, discussed the strength of the Nationalist Armed Forces and the prospects of an invasion of the mainland. They both asserted that the Army's efficiency had been improved in the last 12-18 months and the intake of Taiwanese had proved most satisfactory. While Taiwanese had not so far reached very senior positions, they were good fighters and were easily trained and the Chiefs of Staff had every confidence that, in an invasion of the mainland, they would be as determined as Nationalist troops. They said that the Taiwanese themselves fear a Communist attack and would fight fiercely to protect their island. General Bowen added that the Taiwanese also knew that unless they won the war, their chances of getting back home were pretty remote and that this would give them added encouragement. General Huang referred to some 14,000 Chinese Communist prisoners-of-war in Korea who had elected to join the Nationalist Armed Services. He said they had been successfully integrated and caused no concern on security grounds.

3. General Bowen then discussed the prospects of the return to the mainland. He said that he believed, and he had heard Generalissimo Chiang Kai-shek say on a number of occasions, that the success of an invasion of the mainland

2.

would depend entirely upon the extent to which the invading troops could rely on defections from the Chinese Communist civilian and military population. From the information available to him he felt that morale on the mainland was low and that it was only a question of time before a loss of control by the Communists would permit a successful Nationalist invasion.

4. General Bowen referred to international impressions of the Nationalist Armed Services and the feeling that their cause was a lost one. He said that at the end of 1956 a number of American Senators had visited Taiwan and had gained the impression that American policy was entirely mistaken in supporting a regime whose avowed dedication is war. He said they had endeavoured to force his recall, that of Admiral Ingersoll and U.S. Ambassador Rankin, but had not succeeded.

5. Admiral Alan Reff, Chief of Staff to the Commander of the 7th Fleet, also discussed Nationalist military capabilities. He said that although the Army was efficient its naval capabilities were negligible and that, on available resources, they would have no chance of launching an amphibious attack on the East China Coast. He implied that it was United States policy to keep this position as it was. He felt strongly that the United States should persist in its policy of not recognising Communist China and he was not hopeful that a solution of the problem would be possible on a "Two Chinas" basis. He added that subsidising Nationalist Defence was an economical way for the United States to protect herself.

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Record of Conversation with the Governor of the Bank of Taiwan,
Mr. T.L. Chan.

On 21st October, 1957

Officers Present - Mr. Birch

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At a cocktail party given by the Foreign Minister, I had a discussion with the Governor of the Bank of Taiwan. The Governor, who had been a member of the U.N. Trusteeship Team investigating conditions in the Mandated Territory of New Guinea and Nauru, said that he had a great admiration for Australia and for its efforts in administering the trust territories. I referred to the efforts of the Chinese Government itself in developing a stable economy on the island of Taiwan. The Governor said that this was in fact so and he contrasted the progress being made by the Nationalists with the exploitation of population by the mainland Communists. He went on to say, however, that capital formation on the island was by no means adequate and that there was an unhealthy dependence on United States aid. Regardless of the possible balancing-out-effect between United States aid and the demands of the Defence forces he felt that the politicians were being given a sense of false security and he would prefer more attention to be given to the demands of industrialisation even if it were at the expense of domestic consumption. He felt that the population was sufficiently well off to be able to afford a little tighter squeeze. I asked the Governor to what extent the Government was promoting tourism as a source of revenue and was encouraging Overseas Chinese investment. On the first point the Governor said that tourism was in fact an increasingly important factor but that it was by no means an end in itself since it encouraged luxury trade and inflation. Equally, he said, Overseas Chinese are reluctant to invest money other than in real estate. For this reason they tended to

/prefer

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prefer Hong Kong where the returns were much more rapid. Neither he nor the Government wished to see such a development in Taiwan because excessive investment in real estate created heavy demands on building materials which are in short supply at the moment and would therefore have a strong inflationary effect. He expressed criticism of U.S. Economic Advisers who, he said showed little appreciation of Taiwan's economic problems and difficulties over capital formation if it were to sustain itself as a nation independent of United States aid. While he did not wish to imply that the Nationalists had little prospect of re-establishing themselves on the mainland he did wish the Government would recognise the need for developing Taiwan's economy on the assumption that it must be self-sufficient.

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Record of a Visit to Military Establishments in South Taiwan
On 22nd October a Chinese Air Force C.47 was placed at the Secretary's disposal for a journey to military establishments in South Taiwan.

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The Secretary visited the airforce base at Tainan, the headquarters of the First Fighter Bomber Wing. He was briefed on training and combat capabilities of the wing, the number of aircraft at its disposal (68 F84F fighter bombers and about 45 T33 jet trainers) and on methods for maintaining them in combat readiness. He was shown over the workshops and ground installations and he noted the number of aircraft in rivetments along the runway. He was told that regular patrols of the East China coast are maintained and that the Nationalist airforce has acquitted itself creditably against superior-performance Chinese jets.

2. The Secretary was then taken to the artillery school at Tainan where he was given an indication of the training facilities and techniques of the Nationalist Army. He was shown the training operations room, tactics class room, survey class room, and communications class room and was given an exhibition of gun drill on some twenty 105 m.m. and fifteen 150 m.m. artillery pieces.

3. Of particular interest was the Political Department in the Artillery School. Mr. Birch was informed by an American Jusmag Adviser, Colonel Nelson, that the Political Department supervises the ideological training of the troops and that electronic supervision of all classrooms had been introduced, not so much to check on the academic and technical training being delivered (as the briefing implied) as on the political guidance being given to the troops. During an exhibition of tactics in a hypothetical invasion of the Fukien

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coast the instructor referred to the Chinese Communist Forces as "the aggressor troops". Mr. Birch asked Colonel Nelson who might be considered the aggressor. Colonel Nelson said that the Chinese Nationalists regarded themselves as still at war with the Chinese Communists and that they still regarded them as the aggressors. He added, however, that it is not the policy of the United States Army to train the Nationalist Services for a return to China but only to increase their capability of defending Formosa.

4. From Tainan, the Secretary was taken to the naval base at Tsoyling where Admiral Lin briefed him on the installations and capacity of the First Naval District. He was then taken on a tour of the naval base, noticing several of the six destroyers owned by the Nationalist Navy, a number of United States destroyers and some Nationalist LSTs, and a floating dry dock.

5. All military establishments were obvious shown places and most visitors go there for tours of inspection. Nevertheless the Nationalist armed forces appeared to be highly organized, well disciplined and of good morale.

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COPY

ITINERARY FOR THE HON. A.H. TANGE, C.B.E.
SECRETARY OF THE DEPARTMENT OF EXTERNAL
AFFAIRS OF AUSTRALIA AND MRS. TANGE.
.....

(A) FOR THE HON. A.H. TANGE, C.B.E.

Oct. 20, 1957 SUNDAY

4.25 p.m. ETA Taipei by Civil Air Transport (CAT) from
Hongkong

Proceed to the Grand Hotel

7.30 p.m. Dinner - Guests of Vice Foreign Minister and
Mrs. Chow Shu-kai (Grand Hotel)

R O N The Grand Hotel, Taipei

.....

Oct. 21, 1957, MONDAY

10.00 a.m. Call on His Excellency Mr. O.K. Yui, President
of the Executive Yuan

10.20 a.m. Call on Mr. Hsu Po-Yuan, Minister of Finance

11.15 a.m. Call on Dr. George K.C. Yeh, Minister of Foreign
Affairs

11.30 a.m. Call on Mr. Chiang Monlin, Chairman of the Joint
Commission of Rural Reconstruction

12.00 noon Lunch - Guests of JGRR
Afterward drive to Taoyuan to inspect
Land Reform and rural reconstruction
Program and to visit farmers' homes along
the way.

6-7.30 p.m. Cocktail Party given by Dr. George K.C. Yeh,
Minister of Foreign Affairs

R O N The Grand Hotel, Taipei

.....

Oct. 22, 1957, TUESDAY

7.30 a.m. Leave Taipei for Tainan by CAT

9.10 a.m. Arrive at Tainan to visit Military Academies and
installations (Program will be arranged by the
Ministry of National Defense)

3.00 p.m. Leave Tainan for Taipei by CAT

5.00 p.m. Call on His Excellency, the President of the
Republic of China and Madame Chiang

Dinner (Open)

R O N The Grand Hotel, Taipei

.....

Oct. 23, 1957 WEDNESDAY

8.30 a.m. Leave the Grand Hotel for Sung Shan Airport

9.00 a.m. ETD for Hongkong by CAT

.....

(B) MRS. A.H. TANGE

Oct. 20, 1957, SUNDAY

Same as The Hon. A.H. Tange

.....

Oct. 21, 1957, MONDAY

10.00 a.m. Visit Tsaiwan Handcraft Promotion Center and
other manufacturing factories and associations

12.00 noon Lunch

5.00 p.m. Call on His Excellency The President of the
Republic of China and Madame Chiang

6.00-7.30 Cocktail Party given by Dr. George K.C. Yeh, Minister
of Foreign Affairs

R O N The Grand Hotel, Taipei

.....

Oct. 22, 1957, TUESDAY

10.00 a.m. Call on the Executive Officer of the Chinese Women's
Anti-aggression League; visit Children's home,
Sewing Factory, and etc.

1.00

8.00 p.m. Open

R O N The Grand Hotel, Taipei

.....

Oct. 23, 1957, WEDNESDAY

Same as the Hon. A.H. Tange.

....

Tel....27828
Protocol Dept,
Ministry of Foreign Affairs

COMMONWEALTH



DEPARTMENT OF
EXTERNAL AFFAIRS
OF AUSTRALIA

8 NOV 1957

SECRET AND GUARD

SECRET

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"AUSTRADE"
HONGKONG

AUSTRALIAN GOVERNMENT TRADE COMMISSION
HONG KONG
TELEPHONE: 28062

WING ON LIFE BUILDING
22 DES VOEUX RD. CENTRAL
P. O. BOX 820

1st November, 1957.

File 301/1

Memorandum No. 582

519/3/1

The Secretary,
Department of External Affairs,
CANBERRA.

Secretary's Visit to Taiwan.

...
...

At the Secretary's request, I enclose draft records of conversations during his recent visit to Taiwan. Also attached is a draft report on his visit which he suggested might also be sent to him along with the records of conversations.

R.N. Birch
(R.N. Birch)
First Secretary.

The SECRETARY *[initials]*

You were asking about this
It arrived today

H.M. 8/11



SECRET

CR

519/3/1

20th November, 1957

The External Affairs Officer,
HONG KONG

Record of Conversation with Chinese Minister

... We are attaching for your information copy of a record of conversation between the Chinese Minister, Dr. Chen and the Secretary on 18th November, 1957.

2. Suitable action is to be taken departmentally regarding the question of security clearances for Chinese. The Department had no earlier knowledge of representations from the Chinese on this question than that contained in the Secretary's draft report on his Formosa visit forwarded with your memorandum No. 582 of 1st November. Any local observations you have to offer on this matter as now raised by the Chinese would be appreciated.

(H. Marshall)
For the Secretary

File

EXTERNAL AFFAIRS.

Record of Conversation with the Chinese Minister (Dr. Chen Tai Chu)
on 18th November, 1957
at The Secretary
Officers Present Mr. Marshall

MAIN SUBJECT(S):

Secretary's Taiwan Visit

Dr. Chen called by appointment. He wanted to get the Secretary's impression of Taiwan, and asked if he had been taken care of on his visit there.

The Secretary said that he had been well looked after, and was very grateful for the hospitality shown him. He outlined the main details of his trip to Taiwan including places visited and discussions he had had with Government leaders, including the President, Foreign Minister Yeh and Vice Foreign Minister Chow Shu Kai.

The Secretary said that he had been impressed by the rural reconstruction programme in particular. He understood that the "land for the tiller" campaign was virtually completed, and his impression was that the tiller was well off according to the general standards of rice and sugar producers, and that there was a good deal of prosperity in the basic agricultural life of the community.

The Secretary said that he had referred in discussion with Finance Minister Hsu Po-Yuan to the stated national objective of return to the mainland and had asked was there not an inherent difficulty in economic planning in reconciling this objective with the objective of the due development of Taiwan, having regard to the rapidly expanding population. The Minister had agreed that there were difficulties, but that they were not insuperable. These difficulties related particularly to balance of payments and the need for accumulation of capital, especially private capital. The immediate military intentions of the Government had not been put to him, the Secretary stated. His impression was that the overriding policy was taken for granted, but other more immediate problems occupied the Government.

Dr. Chen said that the President had a high regard for Australia and especially valued the friendship of Australia. The Secretary said that he had discussed with the President Australia's relations with a number of countries, including Japan, the Soviet and Indonesia. With regard to Indonesia he (the Secretary) had dwelt on the steady accretion of Communist power there.

Security Clearances for Chinese

The Secretary mentioned the reference in Taipei by Foreign Minister Yeh to representations on the question

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| | | | | | Sydney Office. |

FOLLOWING POST(S):

HONG KONG

Report prepared by (H. Marshall)

ACTION:

See Marshall 23/11/57
See Reference to me
See [Signature]

of security clearances for Chinese admitted to Australia. Dr. Chen explained that there were two categories giving the Government concern, namely:

(a) Those Chinese in Hong Kong coming to Australia who do not need to have a Chinese passport but merely hold an affidavit from the Hong Kong authorities. The Nationalist Government has no way of checking on these applicants. The ideal solution would be for them to apply for a Chinese passport (that is Nationalist) and be admitted only on presentation of that passport. This had "complications", and many preferred the affidavit.

(b) Chinese applicants entering Australia who do not apply through regular missions but apply through agents who appear to have some authority from the Commonwealth to act for the applicants provided that they are British subjects. The practice of using such agents was dying out, but was still in limited use and affected some Chinese.

The Secretary said that he was not familiar with this system of the use of agents. He would look into the matters raised by the Minister. He presumed that the question of nationality was relevant in such cases, and he would not be sure of the category in this regard that Chinese from Hong Kong would come into. Dr. Chen agreed that this was a difficult point. The Chinese born in Hong Kong got a British passport, but those not born there relied on the affidavit.

Question of Australian Mission in Taipei

In reply to Dr. Chen, the Secretary indicated that he had discussed while in Taipei the question of Australian diplomatic representation there. He had stated that there was no immediate prospect of making any appointment. He had been asked to consider the possibility of a "concurrent" appointment, that is, of an accredited representative elsewhere, say Manila, also including Taipei in his jurisdiction. Australia, however, did not favour such a practice for a number of reasons including possible conflict of jurisdiction. The Secretary had pointed out in Taipei that there were already about seven countries represented in Australia whose missions we were unable to reciprocate; in addition approaches had been made to us by about six other countries not represented in Australia, to all of whom we have replied that we could receive a mission but that we would have to waive reciprocity.

Nationalists Diplomatic Status

The Secretary indicated that he had spoken to Dr. Yeh about Nationalist China's diplomatic standing. Dr. Yeh had seemed satisfied with the recent General Assembly vote on the moratorium on Chinese Communist representation in which there had been three explicable additions to the vote opposing the moratorium (from 24 to 27).

Cultural Relations

Dr. Chen reverted to the Secretary's Taiwan visit and invited his comments on improvements that might be undertaken in Taiwan. The Secretary said that it would be impertinent of him to offer advice. Dr. Chen felt that the Secretary's visit had had meaning in terms of closer relations between Taiwan and Australia. In reply to the

Secretary's question regarding the extent to which institutions in Taiwan offer facilities for overseas Chinese, Dr. Chen stated that on the whole there was no restraint against the admission of overseas Chinese, but the big problem was one of accommodation. Also admission to the universities, whose standards were high, was very competitive.

Dr. Chen suggested that, as Australia formed a useful east-west bridge, scholarships and an exchange of students and professors between Australia and Taiwan as part of a cultural interflow would be desirable. He felt that there was much interest in Australia in Chinese art and literature. Mr. Tange said that the Colombo Plan was our only present vehicle on a Government level for scholarships and that we had not yet gone into the question of scholarships outside this Plan. On cultural exchanges generally we do not make formal agreements but tend to act pragmatically.

Trade

Dr. Chen referred to the question of trade between Australia and Formosa. The Secretary said that he had had no particular brief to discuss this in Taipei. He supposed that the opportunities for trade were fairly limited because there was little Australian demand for Taiwan's basic products such as rice and sugar in which we ourselves were self-sufficient. The Secretary asked what progress had been made in regard to Australia's purchasing refined oil from Taiwan. Talks were still going on, Dr. Chen replied.

Record of Conversation

The Chinese ~~Ambassador~~ Minister, Dr. Chen Tai Chu

The Secretary
Mr. Marshall

Monday 18th November 1957

SECRETARY'S TAIWAN VISIT

Dr. Chen called by appointment. He wanted to get the Secretary's impression of Taiwan, and asked if he had been taken care of on his visit there.

The Secretary said that he had been well looked after, and was very grateful for the hospitality shown him. He outlined the main details of his trip to Taiwan including ~~the~~ places visited and discussions he had had with ~~the~~ Government leaders, including the President, Foreign Minister Yeh and Vice Foreign Minister Chow Shu Kai. ~~when he was in Taiwan~~

The Secretary said that he had been impressed by the rural reconstruction programme in particular. He understood that the "land for the tiller" campaign was virtually completed, and his impression was that the tiller was well off according to the general standards of rice and sugar producers, *and that there was a good*

deal of prosperity in the basic agricultural life of the community

The Secretary ^{stated that he} had referred in discussion with Finance Minister Hsu Po-Yuan to the stated national objective of return to the mainland and had asked was there not an inherent difficulty in economic planning in reconciling this objective with the objective of the due development of Taiwan, having regard to the rapidly expanding population. The Minister had agreed that there were difficulties, but that they were not insuperable. These difficulties related ^{particularly} to balance of payments and the need for accumulation of capital, especially private capital. The immediate military intentions of the Government had not been put to ^{him} the Secretary. ^{stated. His impression was that} The overriding policy was taken for granted, but other more immediate problems occupied the Government.

See [unclear] 4/4

Mr Marshall

Dr. Chen said that the President had a high regard for Australia and especially valued the friendship of Australia. The

Secretary said that he had discussed with the President Australia's relations with a number of countries, including Japan, the Soviet and Indonesia. With regard to Indonesian ^(the Secretary) he had dwelt on the steady accretion of Communist power there.

~~The Secretary mentioned~~

Security clearances for Chinese

The Secretary mentioned the reference in Taipei by Foreign Minister Yeh to representations on the question of security clearances for Chinese admitted to Australia. Dr. Chen explained that there were two categories giving the Government concern, namely:

(a) ^{those} Chinese in Hong Kong coming to Australia. ^{who} ~~They~~ do not need to have a Chinese passport but merely ^{hold} an affidavit from the Hong Kong authorities. The Nationalist Government has no way of checking on these applicants. The ideal solution would be for them to apply for a Chinese passport (that is Nationalist) and ^{be} admitted only on presentation of that passport. This had "complications", and many preferred the affidavit.

(b) Chinese applicants entering Australia who ^{do} ~~need~~ not apply through regular missions but ^{apply} ~~not~~ through agents who appear to have some authority from the Commonwealth to act for the applicants provided that they are British subjects. The practice of using such agents was dying out, but was still in limited use and affected some Chinese.

The Secretary said that he was not familiar with this system of the use of agents. He would look into the matters raised by the Minister. He presumed that the question of nationality was relevant in such cases, and he would not be sure of the category in this regard. ^{that} Chinese from Hong Kong would come into. Dr. Chen agreed that this was a difficult point. The Chinese born in Hong Kong got a British passport, but those

not born there relied on the affidavit.

Question of Australian Mission in Taipei

In reply to Dr. Chen, the Secretary indicated that he had discussed while in Taipei the question of Australian diplomatic representation there. He had stated that there was no immediate prospect of making any appointment. He had been asked to consider the possibility of a "concurrent" appointment, that is, an accredited representative elsewhere, say Manila, also including Taipei in his jurisdiction. Australia, however, did not favour such a practice for a number of reasons including possible conflict of jurisdiction. The Secretary had pointed out in Taipei that there were already about seven countries represented in Australia whose mission we were unable to reciprocate; in addition approaches had been made to us by about six other countries not represented in Australia, to all of whom we have replied that we could receive a mission but *that* we would have to waive reciprocity.

Nationalists Diplomatic Status

The Secretary indicated that he had spoken to Dr. Yeh about Nationalist China's diplomatic standing. Dr. Yeh had seemed satisfied with the recent General Assembly vote on the moratorium on Chinese Communist representation in which there had been three explicable additions to the ~~expressing~~ vote opposing the moratorium (from 24 to 27).

Cultural Relations

Dr. Chen reverted to the Secretary's Taiwan visit and invited his comments on improvements that might be undertaken in Taiwan. The Secretary said that it would be impertinent of him to offer advice. Dr. Chen felt that the Secretary's visit had had meaning in terms of closer relations between Taiwan and Australia. In reply to the Secretary's question regarding the extent to which institutions in Taiwan


offer facilities for overseas Chinese, Dr. Chen stated that on the whole there was no restraint against the admission of overseas Chinese, but the big problem was one of accommodation. Also admission to the universities, whose standards were high, was very competitive.

Dr. Chen suggested that, as Australia ^{formed} ~~was~~ a useful east-west bridge, ~~there might be~~ scholarships and an exchange of students and professors between Australia and Taiwan as part of a desirable cultural interflow. ^{would be desirable.} He felt that there was much interest in Australia in Chinese art and literature. Mr. Tange said that the Colombo Plan was our only present vehicle on a Governmental level for scholarships and that we had not yet gone into the question of scholarships outside this Plan. On cultural exchanges generally we do not make ~~any~~ formal agreements but tend to act pragmatically.

Trade

Dr. Chen referred to the question of trade between Australia and Formosa. The Secretary said that he had had no particular brief to discuss this in Taipei. He supposed that the opportunities for trade were fairly limited because there was little Australian demand for Taiwan's basic products such as rice and sugar that we ourselves were self-sufficient in. The Secretary asked what progress had been made in regard to Australia's purchasing refined oil from Taiwan. Talks were still going on, Dr. Chen replied.

H. Marshall
East Asia


18th Nov. 1957

COMMONWEALTH



OF AUSTRALIA

CONFIDENTIAL
AFFAIRS

TELEGRAMS & CABLES:
"AUSTRADE"
HONGKONG

AUSTRALIAN GOVERNMENT TRADE COMMISSION

HONG KONG
TELEPHONE: 28062

WING ON LIFE BUILDING
22 DES VOEUX RD. CENTRAL
P. O. BOX 820

8 NOV 1957
CANBERRA

File 301/1

1st November, 1957

Memorandum No. 584

579/3/1

The Secretary,
Department of External Affairs,
CANBERRA.

Secretary's Visit to Taiwan.

With reference to my memorandum 582 of 1st November, I am forwarding by sea bag some publications which were given to the Secretary when he was in Taipei. They consist of a book, "Taiwan Exports", a J.C.R.R. publication, "Land Reform in Free China" and a folder of publications about agriculture.

2. The Joint Intelligence Bureau may be interested in examining some of this material.

R.N. Birch
(R.N. Birch)
First Secretary.

*Seen
dm - 11/11*

CONFIDENTIAL

CR

519/3/1

DEPARTMENT OF EXTERNAL AFFAIRS
CONFIDENTIAL
INWARD CABLEGRAM.

AS:VA

I. 15453

Sent: 22nd October, 1957
2050
Rec'd: 23rd October, 1957
1615

FROM: (Transmitted via leased channel)

Australian Embassy,
WASHINGTON.

1282. CONFIDENTIAL.

Red Cross Conference.

Your 1094.

State Department (Bacon - United Nations Adviser, Bureau of Far Eastern Affairs) today expressed warm appreciation for your support on invitation to the Republic of China.

2. In regard to invitations to representatives of North Korea, North Vietnam, East Germany and Outer Mongolia, the United States instructions have not yet been finalised. Nevertheless, it was probable that United States Delegation would not take countries. The United States might state that United States did not recognise these regimes as legitimate Governments but would add that in view of the humanitarian character of the International Red Cross the United States did not wish to intrude political considerations and therefore, would not press its point of view. But if some other Delegation questioned the presence of these regimes then the United States would support that initiative. The Department had no precise information regarding the intentions of South Korea, South Vietnam etc. South Vietnam had enquired of the United States whether it knew why North Vietnam had been invited. (Apparently North Vietnam recently "ratified" the Geneva convention but required period of 6 months from date of accession has not yet elapsed). It had also enquired whether South Korea had objected to the presence of North Korea at the Toronto meeting. The United States had given negative reply to both questions and nothing further had been heard from South Vietnam.

3. The Department now understood that invitations have gone to Byelorussia and the Ukraine. It does not propose to take any action in respect of these invitations.

A/MIN. & DEPT. E.A.
P.M's.

23rd October, 1957.

SEC A/SS LA UN@ ER CR PAC&AM EA AM&SP S&SEA SA SEA
EAF&ME E AF&ME INF DL MT C&P

G

NEW DELHI

CONFIDENTIAL

East Asia

→ 519/3/1
dfu - 28/10

C.E.57/1042.

The Chinese Embassy presents its compliments to the Department of External Affairs and on behalf of the Government of the Republic of China wishes to express its gratitude to the Australian Government for the support given to the Chinese Delegation at the election of the members of the Economic and Social Council of the United Nations at the current session of the United Nations General Assembly.

The Chinese Government desires to convey its deep appreciation to the Australian Government for the kind support given by the Australian Delegation on this matter at the United Nations General Assembly.

CANBERRA, A.C.T.,

22nd October, 1957.

DEPARTMENT OF EXTERNAL AFFAIRS **CONFIDENTIAL**
OUTWARD CABLEGRAM.

519/3/1

GJW:ABK.

O.13294.

Sent: 22nd October, 1957.
1835.

TO:

Australian High Commission,
NEW DELHI.

327. CONFIDENTIAL.

For Landale.

International Red Cross Conference.

We wish to support the moves contemplated by the United States Government to secure the issue of a properly addressed invitation to the Government of the Republic of China. The invitation from the Indian Red Cross was addressed to the Government of the "Republic of Formosa", and the Government and Society of the Republic of China have accordingly decided not to attend. The Republic of China protested in January of this year at the use of the above form of address and the Indian Red Cross replied that the Standing Commission of the International Red Cross had decided that the Nationalist Government was to be invited solely on account of its authority in Formosa and addressed as the Government of Formosa.

2. The United States has already approached the Indian Government and the President of the Standing Commission. It intends to raise the question at the meeting of the Standing Commission on 25th October in the hope of securing the issue of an invitation in correct form before the I.R.C. Conference opens.

3. Please approach the President of the Standing Commission before the meeting and make the following points:

- (a) we feel it an advantage that all political entities should participate in Red Cross activities;
- (b) the invitation to any political entity should not be couched in terms which preclude its acceptance;
- (c) the Government of the Republic of China was invited by its correct title to the Toronto Conference in 1952 and we see no reason why the form of address then used should not continue to be used,
- (d) "Republic of Formosa" is not a designation in common international usage.

4. We hope that representations to the Standing Commission will achieve the desired result. If not the United States intends to pursue the matter through its official representative at the Conference and you should if necessary vote in his support.

5. Please keep in touch with your United States colleague and report on developments by cable. After having seen the President of the Standing Commission you may if you consider it desirable inform the Indians of the action you have taken.

A/MIN. & DEPT. E.A. (889/405) P.M.'S.

(Cost £9/6/8)
23rd October, 1957.

SEC A/Ss LA UN ER **CONFIDENTIAL** OR PAC&AM AM&SP S&SEA@ S
SEA E.AF&ME E AF&ME INF DL MT C&P.
G.

EXTERNAL AFFAIRS.

File No. 519/3/1

Date 15th October, 1957.

3179/56.

SUBJECT

SECRETARY'S VISIT TO FORMOSA

FOR MR. QUINN

Y

With regard to Mr. Plimsoll's request, I am attaching a paper which sets out what I conceive to be the "official line" on Mr. Tange's visit to Formosa. I should see no objection to something along these lines being given to Dr. Chen to guide him. We might at the same time tell him that we should hope that the Chinese Government would not over-emphasise the political aspects - after all, Australia does recognise the Nationalist Government, and there seems no reason why a high Government official should not visit a country we recognise. We should hope also that the occasion of Mr. Tange's visit would not be taken by the Government to make inflammatory statements about Communist China.

2. As I mentioned earlier, however, I do not think that we can do much about the publicity in Formosa. I imagine that the publicity there will be influenced by the Secretary himself, and he will obviously be in the best position to judge.

AHL

AHL.
Pacific & Americas Branch.

Mr. Hoopes

This was held in reserve but was not needed in the event.

2/11

file

DRAFT.

MR. TANGE'S VISIT TO FORMOSA.

The Secretary of the Department of External Affairs, Mr. A.H. Tange, is at present on a general overseas trip, taking in Europe, the United States, and Asia.

His trip to East and South-East Asia includes visits of a familiarisation nature to Japan, Hong Kong, Formosa, Thailand, Singapore and Malaya.

During Mr. Tange's visit to Taipeh, he will pay his respects to the President of the Republic of China, and will have discussions with the Minister of Foreign Affairs and other Ministers. This visit will enable him to make valuable contacts and to exchange views on matters of common interest.

The importance of the Republic of China as a member of the community of free nations is fully recognised by the Australian Government, and the relations between the two countries ^{are} ~~is~~ close and friendly. It is believed that a visit by the Permanent Head of the Department of External Affairs will contribute greatly to a better ^{mutual} understanding of the aims and policies of the two countries and to the strengthening of of the friendship and cooperation between them.

EXTERNAL AFFAIRS.

File No.....

Date.....

8179/56.

SUBJECT

FOR.....

The trip to East and South-East Asia includes visits of a fact-finding nature to Japan, Hong Kong, Formosa, Thailand, Singapore and Malaya.

During Mr. Tange's visit to Japan, he will pay his respects to the President of the Republic of China, and will have discussions with the Minister of Foreign Affairs and other Ministers. This visit will enable him to make valuable contacts and to exchange views on matters of common interest.

The importance of the Republic of China as a member of the community of free nations is fully recognized by the Australian Government, and the relations between the two countries is close and friendly. It is believed that a visit by the Permanent Head of the Department of External Affairs will contribute greatly to a better understanding of the aims and policies of the two countries and to the strengthening of the friendship and cooperation between them.

DEPARTMENT OF EXTERNAL AFFAIRS.
INWARD CABLEGRAM.

RESTRICTED

519/3/1
519/3/1/1
I. 14719

...:VA

Sent: 9th October, 1957
2330
Rec'd: 10th October, 1957
1330

FROM:

(Transmitted via leased channel)

Australian Embassy,
WASHINGTON.

1242. RESTRICTED.

Repeated Hong Kong Miscellaneous 97, Savingram
to Kuala Lumpur Miscellaneous Savingram 236 and Bangkok
Savingram 237.

To Plimsoll from Tange.

Now that C.A.T. Flights Hong Kong - Taipeh and
return have been confirmed please inform Chen that programme
is satisfactory subject to my having several hours uncommitted (pref-
erably 21st).

2. I am seeking alternative flights Hong Kong-Bangkok -
Penang now that CT801 is cancelled.

E.A.

10th October, 1957.

SEC A/Ss LA PAC&AM EA INF C&P ADMIN PERS TRAV

CONFIDENTIAL**OUTWARD CABLEGRAM.**

CM

0.12646

519/3/1
519/3/1/1Sent: 9th October, 1957.
1740

TO:

(Transmitted via leased channel)

Australian Embassy,
WASHINGTON1037. CONFIDENTIAL

For Tange from Plimsoll.

Chen has informed me of following tentative programme
in Formosa:

20th October. Dinner by Vice-Minister of Foreign Affairs.

21st October. Calls on President and Cabinet Ministers.
Visits to rural areas to see land reform. Dinner by
Minister of Foreign Affairs.22nd October. Visits to southern part of Formosa to see
Military academies and industrial installations. Return to
Taipeh during afternoon. Free evening.2. Chen also says that plane bookings by CAT from Hong
Kong to Taipeh and return have been confirmed.3. I suggest that Chen might be informed that tentative
programme is satisfactory subject to your having a free half-day
in Taipeh (probably on 21st) for private business.

E.A.

10th October 1957.

SEC A/S(DIV.3) A/S(DIV.4) PAC&AM EA INF C&P ADMIN

CONFIDENTIAL

519/3/1

27th September, 1957.

Memorandum for:-

A.H. Tange, Esq.,

*Tokyo*BRIEF FOR VISIT TO FORMOSA

..... I attach the following documents which might comprise the brief for your visit to Formosa:-

1. Sections I and II of special brief;
2. Copy of Mr. Foss Shanahan's report on his visit to Formosa;
3. Copy of F.A.C. paper on the Chinese in South East Asia;
4. Directory of Taiwan (made available by Chinese Embassy).

2. You should also know that Dr. Chen Tai Chu returned to Canberra recently, but did not volunteer any information concerning his impeachment by the Control Yuan.

3. I am also enclosing copy of a reply dated 20th September from Mr. J.G. Crawford to your letter concerning representation in Formosa.

File

J.P. Quinn
(J.P. Quinn)

→ n. Jones

Please File on
DEPARTMENT OF
EXTERNAL AFFAIRS
→ 519/3/1
18 SEP 1957 RP
CANBERRA

CHINESE EMBASSY,
CANBERRA, AUSTRALIA

C.E.57/1037.

The Chinese Embassy presents its compliments
to the Department of External Affairs and has the honour
to advise the Department that the Chinese Minister, Dr.
Chen Tai Chu, has returned to Australia and has resumed
his duties as from today's date.

CANBERRA, A.C.T.,

16th September, 1957.

Y.C.

1. Mr. ^{Mr. Loomer} ~~Carter~~ to me
2. Mr. ~~Maguire~~ to me + file
RP
Seen. Offn 17/9

Rec'd 16/9/57
J. Kinosh

DEPARTMENT OF EXTERNAL AFFAIRS
CANBERRA
10

519/3/1

DEPARTMENT OF EXTERNAL AFFAIRS

CONFIDENTIAL

OUTWARD CABLEGRAM.

ABK:ABK.

0.11597.

Sent: 16th September, 1957.
1605.

TO:

(Transmitted via leased channel)

Australian Embassy,
WASHINGTON...914.

Australian Mission to the United Nations,
NEW YORK...581...(Please show to Mr. Casey)

CONFIDENTIAL.

Dr. Chen (Chinese Charge d'Affaires) returned to Australia at weekend from Formosa. He is very reticent about what happened in regard to himself, but states he is here to stay.

A/MIN. & DEPT. E.A.
P.M.'S.

17th September, 1957.

SEC A/Ss LA PAC&AM EA INF C&P.

DEPARTMENT OF EXTERNAL AFFAIRS, CANBERRA.

Name of Paper.....

File No. 519/3/1

Published at.....

Date. 11th September 1957

Please cut out file as

AUSTRALIAN GOVERNMENT TRADE COMMISSION
HONG KONG *marked*

CONFIDENTIAL

11th September, 1957. RP.

RECORD OF CONVERSATION WITH MR. PILCHER - UNITED STATES
EMBASSY - TAIPEH

On September 10th I had a conversation with Mr. Pilcher of the U.S. Embassy in Taipei, who had come to Hong Kong to escort Mr. Herter and party back to Taiwan.

2. The questions I discussed included the following :-

(i) CHINESE MINISTER TO AUSTRALIA.

I asked Mr. Pilcher whether he had any information on the progress of the impeachment proceedings against Dr. Chen. Mr. Pilcher said that nothing had transpired and that in his opinion, nothing would eventuate. He said that the Embassy interpreted the whole question as one of domestic politics in Formosa. The Control Yuan, he said, "had it in for" Foreign Minister Mr. George Yeh, and was making the most of any opportunities to embarrass him. The Matador announcement did not represent a serious breach of security, nor did it embarrass the United States or Nationalist Chinese Government. Dr. Chen had apparently not received a telegram postponing the actual date but this did not affect the intention of either party to make the announcement, nor was there any intention to withhold publicity. Mr. Pilcher said that he thought there was no prospect of Dr. Chen returning to Australia until the impeachment question was settled. As far as he could see however, no move is likely to be taken for some time, if at all, and he thought it probable that Dr. Chen would, for this reason, be forced to remain in Taiwan.

DEPARTMENT OF EXTERNAL AFFAIRS

File No. 561/2/1

Date : 11th September, 1957

MEETING OF FOREIGN AFFAIRS COMMITTEE - 10th SEPTEMBER, 1957

FOR:

The Acting Secretary

Mr. Kevin
Mr. Marshall
Mr. Renouf
Mr. Brennan

1. FORMOSA

Some members being anxious to pursue the question of Australian representation, the Committee agreed that the matter might be ventilated at the adjournment in the near future or by a question in the House or by discussion at the next party meeting. No decision was reached on the means, the matter being left for further consideration by the group concerned.

2. HUNGARY

Some members were anxious for an opportunity to discuss the problem of Hungary during the present session of Parliament. As the matter is to come before the General Assembly again early on the morning of Wednesday, September 11 (Australian time), it was agreed that Thursday, September 12, would be the best time even though the Senate had adjourned until October 1.

Two members undertook to talk to the Leader of the House to fix a suitable time and procedure.

3. NETHERLANDS NEW GUINEA

The Committee was addressed by Messrs. Aston, M.P. and Stokes, M.P., who were members of the Parliamentary party which visited Dutch New Guinea recently in private capacity.

In describing the trip the members endeavoured to draw a picture of the economic, social and administrative features of the country. Beyond this general treatment the following points emerged :-

- (a) The local administration was critical of the lack of co-operation between the Dutch and Australian territories, particularly in defence matters.
- (b) There was a complete lack of information in Dutch New Guinea on the Australian attitude towards the Indonesian claims and activities in the United Nations.

A Committee member pointed out that this was primarily a Dutch responsibility.

- (c) There should be an increase in the number of reciprocal visits between Australia and West New Guinea. The Dutch administration had exhibited "pride and delight" over the first and very belated brief visit by the Australian Minister for Territories.

*Mr. Stokes
Presume we
don't need to
act.
dlm. vj*

*Mr. Marshall
to
12/9.*

*Mr. Marshall
of*

2.

NEXT MEETING

The next meeting would be held on September 17, at which the Committee would receive Mr. Gunnar Myrdal.

On the following day, at 9.30 a.m., they would receive the Vietnamese Parliamentary Delegation.



(L. J. Arnett)

Information Branch

46. On the problem of Formosa and the related question of recognition of Communist China the Australian position stands somewhere between the British and the United States. We continue to recognise the Republic of China as "China", both generally and in the United Nations. We do not, however, though mainly for administrative and staffing reasons, have a representative in Taipei, although the Nationalist Government maintains an Embassy in Canberra. We have resisted recognising the Chinese Communist regime - the People's Republic of China.

Australian Policy

47. Our basic aim is to seek the renunciation of force by both sides in the Formosa area. In broad terms our policy aims to preserve the free world position in the area by frustrating action that might advance the cause, or the area under the control, of Communism. Our position to a large extent, therefore, and on fundamentals, amounts to support of the U.S. position.

48. Spelt out, though still in broad terms, the following are the main elements of the Australian attitude:*

- (a) Australia believes, basically, that force should not be used by either the Communists or the Republic of China.
- (b) Australia is opposed to the loss of Formosa or the Pescadores to the Communists.
- (c) At the same time (although this has not been said publicly) Australia does not feel that it can support military efforts by the Republic of China to re-establish itself on the mainland. Such support could only be contemplated in the context of an entirely new situation such as war with Communist China following aggression by the Communists.

* These points have been officially put to the Nationalist representative in Canberra.

SECRET

- (d) Australia seeks an easing of tension between the Republic of China and the Communists so as to lessen the dangers of a war that might grow into a world war.
- (e) Generally, Australia wishes to try to assist the Republic of China in all practicable ways to maintain as secure an international position as possible, and to use our influence in getting other Governments to accept the principle that there should be no change in the status by force of arms.
- (f) Australia believes that over the long term efforts to build up and support the international position of the Republic of China are affected by the situation in the offshore islands held by the Nationalists. At the same time the relinquishing of these islands could only be considered in the circumstances of the attitude and undertakings of the Chinese Communists.

Representation on Formosa

49. The Nationalist Government through its Embassy in Canberra raises from time to time the question of Australian representation on Formosa. It has been explained to them that the administrative and staffing aspects are the major problem, and that conclusions of a political nature are not to be drawn from our lack of representation in Taipei.

50. More lately the question of Australian trade representation on Formosa has been actively considered. Trade (McClintock) has admitted that Trade is looking more to the mainland (where trade is running at an annual rate of over \$4 million) than to Formosa (where the figure is less than \$1 million). However, Trade is prepared to cooperate if trade representation on Formosa is regarded as politically desirable, and suggests the possibility of the appointment of an Assistant Trade Commissioner at Taipei for a trial period of two years. The Secretary has recently written to the Secretary of the Department of Trade suggesting the possibility of establishing a mission in Formosa with a trade man in charge for the time being. There has not yet been any reaction to this suggestion.

Australia - Formosa Trade

51. In the trade sphere Formosa is of less immediate and prospective importance to Australia than mainland China. As in the case of Japan, Australia enjoys a large excess of exports over imports from Formosa, mainly because of our wool trade. Formosa on the other hand has not many items we need or wish to get competitively from there, apart from tea. There has been some recent interest in Australia in the availability of petrol from Formosa.

-11-

52. The following are details on
Australia-Formosa trade:

Australian Trade with Formosa

£A.000

	<u>Imports</u>	<u>Exports</u>	<u>Excess of Exports over Imports</u>
1951/2	51	50	-1
1952/3	54	740	686
1953/4	137	444	307
1954/5	100	546	446
1955/6	83	828	745
1956/7	47	576	529

Principal Items of Trade 1955/6

£A.000

<u>Imports</u>	<u>Value</u>	<u>Exports</u>	<u>Value</u>
Tea	20	Milk	38
Feathers	4	Butter	5
Hats, panama etc.	40	Invalid foods	3
Wood oils	6	Hides & skins	50
Camphor	2	Wool	727
Citronella	7	Lead oxide	1

1956/7 Exports - mainly wool

Australian Trade with Communist ChinaExports to Communist China

(£A.)

	<u>1951/2</u>	<u>1952/3</u>	<u>1953/4</u>	<u>1954/5</u>	<u>1955/6</u>	<u>1956/7</u>
Flour	4,900	-	319	-	23,854	
Wheat	-	787	-	512	814	
Wool	210,649	633,807	2,171,183	2,661,260	2,640,542	
Chemicals etc	19,261	27,678	368	1,366	1,050	
All other	47,944	18,438	20,585	41,564	34,621	
Re-export	391	3,001	-	3,379	5,456	
Total	282,754	680,710	2,192,455	2,704,702	2,700,781	64,696,613

Imports from Communist China

(£A.)

Nuts, edible	214015	235364	75106	36329	83147	
Tea	77993	81612	109283	106842	181496	
Bristles	907289	328087	440653	469823	572398	
Piece- goods	3885	-	6754	9166	148149	
Handker- chiefs, serviettes, table linen	102467	42472	129834	123268	111998	
Cosies, cushions, etc.	107904	61330	114978	48132	41389	
Other textiles	97494	24617	90483	139799	105543	
Hats & caps	155399	127057	199591	148703	122023	
Other apparel	120594	22926	75388	32297	20817	
Oil, tung	405126	261709	285870	311028	488697	
Other oils fats & waxes	124143	43263	48646	12872	19873	
Earthen- ware, cement china, glass & stoneware	221809	1013	10022	3340	7683	
Chemicals medicinal & pharmaceutical products, essential oils & fertilizers	70634	11777	16558	43103	52115	
Outside packages	92212	25632	42873	30326	41991	
All other	412880	141597	336649	216744	278415	
	<u>3113844</u>	<u>1408456</u>	<u>1982688</u>	<u>1731772</u>	<u>2275734</u>	<u>2076562</u>

CONFIDENTIAL

INWARD CABLEGRAM.

519/3/1

BH:HP

I.12679

FROM:

Dated: 6th September, 1957.

1815

Rec'd: 7th September, 1957.

1030

Australian Embassy,
WASHINGTON.

(Transmitted via leased channel)

1079. CONFIDENTIAL.Impeachment of Dr. Chen.

Your 865.

Osborne (Chinese Affairs) said State Department's understanding was that Commission of Control Yuan which had dealt with Dr. Chen's case had not yet made its report to the Executive. The latter were reluctant to take any action until the report was received.

2. The Chinese authorities feared that any request on their part for early report would antagonise Control Yuan and make it more likely that the report would recommend punishment of Dr. Chen. As matters stood, there was strong possibility that the report, when it eventually reached the Executive, would not include such recommendations.

A/Min. & Dept. E.A. (1500/1/47/1)
(519/3/1)

P.M.'s.

7th September, 1957.

SEC A/Ss LA UN PAC&AM EA@ S&SEA EAF&ME INF C&P@

CONFIDENTIAL

519/3/1

DEPARTMENT OF EXTERNAL AFFAIRS
OUTWARD CABLEGRAM. **CONFIDENTIAL**

ABK:ES

O. 11190

TO:

Sent: 6th September, 1957
1305

Australian Embassy,
WASHINGTON

(Transmitted via leased channel)

865. CONFIDENTIAL

Impeachment of Dr. Chen

Glad to know if United States can add anything
to information given in your telegram 990.

A/MIN & DEPT EA (1500/1/47/1)
&
519/3/1)
P.M.'s

6th September, 1957

SEC A/Ss LA UN PAC&A M EA@ S&SEA EAF&ME INF C&PO

DEPARTMENT OF EXTERNAL AFFAIRS.
INWARD CABLEGRAM.

CONFIDENTIAL

519/3/1

I.11810

Sent: 21st August, 1957.
1805

Rec'd: 22nd August, 1957.
1100

HMD/BH

(transmitted via leased channel)

FROM:

Australian Embassy,
WASHINGTON.

990. CONFIDENTIAL.

Impeachment of Dr. Chen.

Our 979.

2. Osborne (Chinese Affairs) told us on 21st August that the United States Ambassador, Taipei, had spoken informally to the Taiwan authorities and expressed the hope that:-

- (a) Nothing would be done which would hurt Taiwan relations with Australia.
- (b) No punitive action would be taken against Dr. Chen.

3. The United States Embassy had reported that control Yuan, when it impeached Dr. Chen, had not been acting on the instructions of the Executive. It thought in fact that Control Yuan was giving vent to long standing grievances against the Executive by its action. Impeachment would be reviewed by the Executive and Osborne thought there was a possibility that the charges against Dr. Chen would be dropped.

MIN. & DEPT. E.A.
P.M'S.

22nd August, 1957.

SEC A/Ss UN PAC&AM@ EA AM&SP S&SEA EAF&ME E INF C&P

Please file on
519/3/1

A.B.C. NEWS ITEM (Friday, 16th August, 1957)

7.45 a.m.

A former Chinese Nationalist Ambassador to Australia, Dr. Chen Tai Chu, has been impeached by the Control Yuan in Formosa for his premature announcement of the stationing of American guided missiles in Formosa.

The Control Yuan is an official supervisory body in Nationalist China and its recommendations will go to the Nationalist Cabinet, which will decide the punishment.

United Press says it understands that Dr. Chen will not be returning to his Canberra post, which he has held since 1951.

Dr. Chen's announcement that the United States would station guided missiles in Formosa was made in Canberra 24 hours before an official communique was issued in Taipeh and Washington.

Chinese newspapers claimed that Dr. Chen had been given the information by an American Embassy official in Canberra.

See
Ming Pao
16/8/57

1. Mr. Pym

.....

2. Mr. Marshall

I have given copy to the Secretary -
Cable also sent to Washington requesting
State Dept. to ascertain basis of this report
other facts on which the impeachment is
founded.

See
dhu. 19/8

OK
16/8/57

→ MR. PLIMSOLE

Re-draft attached.
Only minor modifications proposed.

~~W~~ MR. LOOMES

John 20/8

Please work on this with
Truscott and let me have it back
on Tuesday when I return from
Melbourne.

J. Plimsole
16/8/57

MR. TRUSCOTT

Could we
discuss pls. (Mr. Loomes is
away)? Time is short!

John 19/8

CONFIDENTIAL

INWARD CABLEGRAM.

I.11598

Sent: 16th August, 1957.
1915
Rec'd: 17th August, 1957.
1500.

MMcBH

FROM:

Australian Embassy,
WASHINGTON.

979.

CONFIDENTIAL.Dr Chen Tai Chu.

Your 746.

2. Osborne (Chinese Affairs) told us 16th August that the State Department did not yet have any information beyond the Press Report of Dr. Chen's impeachment. But he thought the report was probably accurate.

3. He said it had been intended that the introduction of Matador Missiles by the United States into Taiwan should be the subject of joint release. Dr. Chen was told of this in advance by the Taiwan authorities but was asked not to make the release until he received further instructions. A delay had occurred with the release with the result that Dr. Chen's disclosure occurred before the release of this information in Taipeh and Washington.

4. The United States Embassy, Taipeh, was instructed to make informal representations to the Chinese authorities regarding Dr. Chen's premature disclosure. The State Department had not expected, however, that formal disciplinary action would be taken against Dr. Chen.

MIN. & DEPT. E.A.
P.M'S.

18th August, 1957.

SEC A/SS UN PAC&MO EA S&SEA EAP&ME E INF C&P
G.

CONFIDENTIAL

→ ~~East Asia~~
519/3/1
↗

N'list Envoy To Australia Impeached

US Rockets News Leak

Taipei, Aug. 15.

The Control Yuan to-day impeached Nationalist Chinese Minister to Australia Dr Chen Tai-chu, ending a three-month controversy over his premature announcement of stationing of U.S. guided missiles on Formosa.

The 50 members attending today's session of the nation's highest watchdog body, voted 29 to 21 for impeachment of the 45-year-old envoy.

The impeachment will go to the Cabinet which will decide Chen's punishment.

Government sources indicated he will not return to the Canberra post where he had been since 1951.

Chen's announcement that the U.S. would station Matador guided missiles on Formosa was made in Canberra about 24 hours before an official US-Chinese communique was scheduled to be issued here on May 7.

The Foreign Ministry denied that it had given Chinese diplomatic missions abroad any advance information on the Matadors.—United Press.

PL-

S to M Post
16.8.57

Please file on

519/3/11

Mr. Russell

— RF.

This is the main part of
the brief we have prepared
for the Secretary on Formosa.
We shall add a factual
outline ~~of~~ of conditions in
Formosa, a map, and a copy of
Foss Shandani's report on his visit
last year.

→ Mr Loomes

I have not read this, but have looked at it
quickly. See my comments on

(a) Trade

(4) Colombo Plan

Something should also be put in on the
Formosan armed forces.

Done.

for.
30/8

J. Russell
28/8/57

EXTERNAL AFFAIRS.

File No. 519/3/1

Date. 16th August 1957

SUBJECT

FORMOSA -- Brief for the Secretary

FOR Mr. Loomes.....

Herewith is first draft of the brief for the Secretary which I have written.

It is fairly comprehensive but I have wished not only to coordinate and bring up to date back material but also to educate myself a little in the subject.

While its presentation need not be taken as final, I will explain what I have done.

I envisaged the brief in two Sections:-

Section I -- The substance of the Formosan problem including major attitudes such as the Nationalist Government's and the American. Also the substance of the Australian approach.

In addition, the particulars of the Secretary's interests and activities.

Section II -- A general background information paper on Formosa, covering general, political, economic, Formosan, trade and foreign relations aspects.

It is possible that the foreign relations part of Section II, although it excludes U.S. and Australian relations, may be better attached to Section I

I have an amount of checking of detail to do and of course there are many bits and pieces that might be improved.

I am consulting Mr. Phillips regarding the information in the Background paper on Formosa and as to how best the Secretary might fill in his time in Formosa. It will be appreciated that the Nationalists will seek to organise him extensively themselves. He may at some stage state preferences.

Attached also are:

Map of Formosa with Government organisation chart

Copy of Foss Shahahan's report of January 1957 that I used extensively

F.A.C. Paper on Chinese in South-East Asia
Savingram 307 from Washington.

As I said to you, a useful supplementary paper to this whole brief would be the proposed one on Recognition of Communist China.

H. Marshall
(H. Marshall)
East Asia

SECTION II

FORMOSA BRIEF

FORMOSA -- Background Paper

Formosa is an island of almost 14,000 square miles, about 240 miles long and 90 miles at its widest part -- a little larger than Holland. It is some 100 miles off the mainland. The population, about 7 $\frac{1}{2}$ million before the mainland influx, is now close to 10 million.* The jurisdiction of the government extends also over the sparsely populated Pescadores and the offshore islands of the Quemoy and Matsu groups. The local language in Formosa is the dialect of Amoy (south Fukien). The island was in the hands of the Japanese from the Treaty of Shimonoseki 1895 to 1945, and there is general acknowledgement, even by the Chinese Nationalists, that it was well administered under the Japanese.

The Central Government of the Republic of China, which likes to be known as the "Government of Free China", has been established in Formosa since the end of 1949 after the retreat from the mainland. The focus of power in the government is the nationalist party, the Kuomintang, which controls the political and governmental structures on the island. The island itself is administered by a provincial government under a governor, but the machinery and functioning of government are rendered cumbersome by the superimposition of the national government in exile.

General Impressions

The general impression that Formosa and its government leave on visitors is a good one. The Chiang Kai-Shek regime is strongly entrenched and maintains order. There has been a patent regeneration of the Nationalist Government of ill-repute on the mainland. The regime is Spartan in its habits and corruption appears to have been rooted out. The administration is reasonably efficient though cumbersome. The arbitrary methods and marks of tyranny that were part both of Nationalist rule in China and in their early post-1945 attitude towards Formosa, have disappeared or been concealed. The Government (as in the ROK) takes the view that a state of war still exists and also maintains martial law, but, apart from strict measures necessitated by security, allows a considerable amount of freedom. The British Consul writes: "Formosa is a police state with an amazing degree of freedom of speech and criticism".

Other Features that strike visitors (e.g. Foss Shanahan of New Zealand and Crozier of the "Economist") include: higher than average Asian standard of living

* Sept. 1956 Census: 9,310,158

High literacy rate (about 80%); excellent health services; the absence of beggars; adequate provision of food and commodities and the check held on inflation.

The Formosans

The indigenous population of Formosa outnumbers the mainland Chinese by about four to one. Ill-will between the Formosans and Nationalists was fierce in the early days, especially in 1947. The Formosans still harbour resentment, objecting to high taxes, to supporting the large army, and to the general direction of Nationalist policy towards return to the mainland. Relations at present are, however, outwardly reasonably composed, but the Formosans are inclined to become the focus of political opposition. A number of Formosans have been introduced into government service though very few at a senior level. Some, though not many, have joined the Kuomintang. There is apparently no feeling in favour of the return of the Japanese. The Formosans too want the Nationalists to return to the mainland -- though for a different reason.

Political

The Kuomintang, headed by Chiang Kai-Shek, is dominant. This fact makes unreal any division of power between the National Government and Assembly in exile from the mainland and the Provincial Government and Assembly.

Generalissimo Chiang Kai-Shek, as President, is head of the Central Government. He was re-elected President in 1954, his term expiring in 1960. The central government is organised into five Yuan (or branches) -- the Executive (Cabinet), Legislative, Judicial, Control and Examinations. The membership is confined to ex-mainland loyalists. The National Assembly was elected originally in China in 1948, the terms of its members having been extended indefinitely since new elections are impossible.

In addition to the powerful Kuomintang, there are two other anti-Communist parties -- the Young China and Democratic Socialists. The former has representation in the central government but neither has very much strength, especially in leadership (which may account for their being tolerated).

The National Government appoints the Governor of Formosa who is head of the Provincial Government and Chairman of the various commissioners who comprise that government. The Provincial Assembly was first elected in 1950. It consists of 66 members (five of whom must be women). It has the right to ask the governor and the commissioners to report on all aspects of their administration. The Assembly can deal, however, only with Formosan questions -- it is not "National" although in effect there is little real distinction.

It has only been on the provincial level that it has been possible to shake the monolithic structure of

the Kuomintang on the island. Two independent mayors were elected in the provincial elections of 1954.

Provincial elections were held again in April this year and were instructive in showing the Kuomintang reaction to the growing political challenge of the local Formosans. Eligible voters (male and female over 20 years) numbered 4,200,000 and 83% voted. The Kuomintang contested every post of mayor and magistrate and most of the provincial assembly seats. The elections had every appearance of being free, democratic and unrigged -- and necessarily had to have such appearance for American consumption. Nevertheless, the Kuomintang had the control of the machine, the foci of power and the money as well as excellent organization and discipline. They were able to confuse the political issue which otherwise, according to British sources, would have been a straight issue between Formosan and mainlander.

The results of these elections were victory to the Kuomintang in 46 out of 66 provincial seats, four out of five mayors including re-capture of Taipei from a Formosan who had won it in 1954, and 16 magistrates returned in a clean sweep. Despite this convincing show by the Kuomintang, time, it is felt, is on the side of the Formosans in the Political future of the island, which is a factor of great weight in Chiang Kai-Shek's plans.

Question of Succession

A serious problem for Nationalist China especially as the Generalissimo is nearly 70, is that of succession. Chiang Kai-Shek is thought to be grooming his son, Chiang Ching-Kuo (aged 47). He is an individual who has had experience in the Soviet Union and is said to be ruthless. He is in charge of national security in which job his Soviet experience has apparently come in handy and he has been able to liquidate or diminish the influence of possible rivals especially those in the Army. He is not much trusted by the Americans, and is believed to be lukewarm in his support of the Kuomintang.

5 The only other candidate for succession seriously mentioned is Vice President Ch'en Ch'eng (aged 59). Some observers suggest that, if Chiang Kai-Shek died in office, Ch'en, constitutionally due to succeed for the remainder of that term, might be permitted by Chiang Ching-Kuo to succeed to titular but not real power.

The Army

The armed forces on Formosa are large and an important power factor. They appear to be among the most impressive features on the island. The United States is reportedly well satisfied with their morale, discipline and efficiency, and, as the strongest anti-Communist force in Asia (outside the ROK) they are considered by the Americans an excellent investment. The earlier criticisms of the army as an "ageing" force are said now not to be sustained: there is constant recruitment, (all Chinese are

liable to two years' compulsory military service) and a system of retirements has been put into effect. Political education in the army is also actively carried on.

The services number approximately 630,000 (c.f. Korea about 700,000). There are 380,000 in the army and the remainder distributed between air force, navy and marine corps. Estimates vary but over 55% of the budget goes to support the services. Their organisation and equipment are on American lines. There exists a strong United States MAAG (Military Assistance Advisory Group) organisation which is said to work without undue obtrusiveness.

The army is considered to be the strongest branch. The air force is equipped with F.84's and some units are converting to F.86's. The navy is limited to destroyers, frigates, mine-sweepers harbour defence and LST's., sufficient for patrolling the Formosa straits but not to launch amphibious operations. The United States follows a policy of keeping transport aircraft and landing craft in short supply for obvious reasons. The navy and air force are said to suffer from shortage too of experienced technicians and equipment.

One particular and important problem faced in the armed forces has been the recruitment of young Formosans (at present about 80% of all new recruits). This has proceeded more smoothly than expected, although the Formosans in general as already mentioned harbour a resentment to the presence of a large expensive army with non-Formosan objectives. Despite the smooth absorption of Formosans into the army, if an armed "return to the mainland" became a serious possibility the presence of non-mainlanders in the army (estimated at close to 50%) might give rise to difficulty.

Economic

Despite the great influx from the mainland, the natural increase of population (some 300,000 a year) and the maintenance of large armed forces the economy of the island appears to be in a healthy enough state. This is due to the manageability of the area and a good primary base, but more importantly to the sizeable United States aid, which, in terms of economic as distinct from military aid, runs out at about \$100 million a year.

Only 24% of the land is arable and over half is given over to forests. The basis of the economy is mainly agricultural under what is described as a sound but intensive system of cultivation developed by the Japanese. Rice accounts for about 40% of the farm production. Sugar is next in order to grain followed by tea. Fruit, fish and vegetables are also plentifully produced. The basis of a small industry economy, involving cement, alkali, fertiliser, aluminium and oil refinery, also initiated by the Japanese, has been given an impetus under the present policy of rehabilitating, modernising and expanding industries. American aid is directed principally into

SECTION II

Page 5.

agriculture, power, fisheries, mining and communications. The communications system, developed by the Japanese, is also good.

The Americans, whose stake in the island is so great, are inclined to give a glowing account of the economic strides that have been made. But other sources (e.g. United Kingdom and New Zealand) have added their praise. Total production is reported to have risen by over 50% in the past five years and industrial production to have more than doubled. Rice production is 20% above the pre-war peak and more is now exported than under the Japanese. Self-sufficiency has been attained in all basic textiles. On the industrial side a modern refinery has been built in the south capable of meeting all Formosan requirements in oil (the crude oil comes from the middle East and the Chinese do all their own processing and distributing). Reportedly efficient aluminium and cement plants are in operation. There has been a great increase in power production (now 520,000 KW) and fertiliser output.

Prices have levelled off satisfactorily since a danger period passed in 1955.

The government has aimed at accelerating capital formation for industrial development through the private sector of the economy, and legislation has been passed to attract foreign and overseas Chinese investments. The United States enjoys guarantees against nationalisation of enterprises that it invests and also transfer of dollar profits. Official policy with American urging also encourages the transfer of important public enterprises from government ownership to private shareholders.

Land Reform

A special field in which Formosa has a good record is that of land reform operated under a joint Sino - United States Commission on Rural Reconstruction. It has been carried out in three phases of rent limitation, the sale of public lands to farmers and the reduction of large private land holdings. Under this "Land for the Tiller" policy the sale of both public and private land has been made to the peasants, enabling them to own their own economical plots of up to $2\frac{1}{2}$ acres. Of their produce $12\frac{1}{2}\%$ has gone to taxes and 25% on capital and interest charges, these latter ceasing after 10 years.

CASH The appropriation of land for this purpose has been financed in a successful way. The landlords have got $12\frac{1}{2}\%$ of the agreed purchase price in cash and the balance in bonds in nationalised enterprises redeemable over a ten-year period (in either cash or fixed quantities of specified goods). The landlords are said to be happy with this arrangement.

Other encouraging aspects of the agricultural situation include the formation of rural co-operatives through which farmers are assisted in financing necessary purchases (such as seed, implements, fertiliser and clothing) and special attention paid to agricultural

education and research.

Trade

Formosa's trade, carried out mostly through bi-lateral agreements, appears to be in good shape with latterly sizeable surpluses of exports. The aggregate value of exports, for example, in the first six months of 1957 was United States \$97 million as against imports of \$61 million (Chinese Government Figures). The imports exclude United States aid arrivals. Sugar accounts for close to three-quarters of the export value. Sugar, rice and tea in all account for about 90% of exports. Other items exported include canned pineapple, paper, plywood, aluminium, coal, electrical appliances, glass, ceramics, salt, chemicals and fruit. Over 50% of exports go to Japan, about 25% to the sterling area (but very little to the United Kingdom) and not a very significant amount to the United States. About a third goes to the ECAFE area (excluding the Japanese component), and the energies of the government are at present being directed particularly to trying to increase trade with South-East Asia.

① P Japan likewise is the chief source of imports with the United States, South-East Asia and western Europe following. principal imports include fertiliser, cotton, piece goods, machinery and tools, ores, metals and manufactures, oil, wax, medical supplies, wheat, milk and milk products. Government policy includes measures for promoting exports and restricting the import of the less essential commodities.

Foreign Relations

The Nationalists foreign relations are based on their intense anti-Communism. They are as a consequence most rigid in their attitude, as was shown in their veto of Outer Mongolia for United Nations membership despite the strongest appeals of their friends including the United States. The objective of their foreign policy is to stave off their own isolation and the disintegration of their international position while at the same time persuading those who have not recognised Communist China to take a more positive and relentless anti-Peking line.

Relations with United States

These are all-important. They are dealt with in the first Section of this brief.

Relations with Japan

The ties are relatively close and are likely to remain so while Japan does not draw too closely officially to Communist China and while their mutual trading interests are so strong. They have a Treaty of Peace with Japan signed in 1952 by which Japan renounced all territorial claims (as in the San Francisco Treaty) and agreed on negotiating outstanding property claims. The Nationalists, over the hot protests of their Korean allies, have supported Japan for membership of the APACL (Asian Peoples' Anti-

Communist League). Chiang Kai-Shek has intimated privately, however, that Japan is not to be trusted.

Relations with the United Kingdom

These are not good because of the British recognition of and dealings with Communist China, although the Nationalists are reported to have some respect for the British record and wisdom. The British maintain a consulate at ~~Taipei~~, accredited to the Provincial Government of Formosa. Since June 1949 the Nationalists have maintained a mainland China port closure order. In May when the United Kingdom announced the relaxation of the embargo on the export of goods to Communist China the Nationalist Government warned the British of the risk their ships would be taking. The United States, however, cautioned the Nationalists against causing any unfortunate incidents.

Tamsui

Relations with Korea

Because of their mutual intense anti-Communism and maintenance of a state of war against Communism, relations with Korea are very close and friendly. Chiang Kai-Shek and Syngman Rhee personally too have much in common. Their different approaches to Japan tend to divide them in some measure (as in the APACL and in consideration of a possible SEATO).

N

Relations with Canada

Canada is in much the same formal position as Australia with respect to Nationalist China having a Chinese Embassy in Ottawa but no representation of their own in Taipei. The former Canadian Government through Mr. Pearson had been, however, much more outspoken against the Nationalists and critical of them in the United Nations. He had also stated that Canada should "accept no commitment to intervene on behalf of the Nationalist Government" in the struggle for the offshore islands.

Relations with South-East Asia

These are mixed but not in general very good because of pro-Peking or neutralist sentiments. Of the Asian SEATO partners the Nationalists hold neither the Philippines nor Thailand in very high regard. With regard to the Philippines considerable friction has arisen over Filipino restrictions on the Chinese community.

FORMOSA BRIEF

A. THE GENERAL PROBLEM OF FORMOSA

1. The Cairo Declaration in 1943 stated that Formosa should be returned to China after the war. In 1945 Chiang Kai-Shek took de facto possession of Formosa pending the conclusion of a Japanese peace treaty. In 1949 his Nationalist regime retreated from the mainland to Formosa. In June 1950 it was "neutralised" by President Truman's action with the Seventh Fleet upon the outbreak of the Korean war. The San Francisco Peace Treaty of 1951 with Japan provided for the renunciation of Japanese sovereignty over Formosa but did not provide for the disposition of the territory. During 1954 and 1955 the offshore islands (the Quemoy and Matsu groups) became an acute issue, which was not settled although the situation with these at present, while remaining tense, is relatively quiescent.
2. The heart of the Formosan problem is the conflict in the stated aims of the Nationalist regime and of the Chinese Communist regime: the Nationalists claim to be the only legitimate government of China and look to return to the mainland to assume their rule over all China and its possessions. The Communists are in undisputed power on the mainland and look to the annexation of Formosa (and the offshore islands) as legitimate parts of Chinese territory. Neither side has shown any signs of compromising.
3. The danger in the Formosan problem springs from the possibility of force being used by one side or the other (and if by one it would inevitably provoke the other to retaliate) to achieve a settlement of the dispute. The Nationalists, geared in part for war and of a bellicose frame of mind, are held back chiefly by external checks. The military potential and the real intentions of the Communists in regard to resorting to force are not exactly known, but the Communists have refused to renounce the use of force in achieving their objective.
4. The chief salutary element in this dangerous situation is the United States which, by its attitude and action, keeps the two contestants apart. It supports the Nationalists substantially - in moral, material and military terms. At the same time it restrains Chiang Kai-Shek from embarking on a mainland military adventure, which would have disastrous consequences of unpredictable extent.
5. There the Formosan problem hangs in suspense. The strain arising from such a situation remains great and the dangers accordingly undiminished. Suspended also is the due resolution of other related problems such as recognition of Communist China, representation of "China" in the United Nations, and satisfaction of the rights and expectations of the indigenous inhabitants of Formosa.

6. Certain solutions of the Formosan problem have been canvassed. These have included the possibility of a U.N. trusteeship over Formosa and the possibility of a "two Chinas" policy which might regularise and ease the tension of the present position. Any solution of the problem has to take into account certain major factors. These include: the overtly unshakable resistance of both the Nationalists and Communists to a two Chinas conception; the position of Chiang Kai-Shek and the disposal of his regime; the general threat of Communism in the area and the effect of action in increasing Chinese Communist prestige and influence; the position of 10 million or more overseas Chinese in South-East Asia whom both sides woo; the currently unbudging American opposition to any action in any way favourable to the position of Communist China; and the legitimate aspirations of the Formosan people.

7. A further wholesome factor, to which too much weight, however, cannot be given in the circumstances, is the comparative regeneration of the Nationalists on Formosa and their good efforts there in the past few years. This cannot be taken too far in justifying either their hold on Formosa or their return to the mainland. Their pre-1950 record on the mainland is not easily forgotten; nor do the current wrongs of the Communists on the mainland confer rights upon the Nationalists.

8. It is difficult at this stage to see the Formosan problem beyond the two Chinas position, which is in effect the present reality. There is evidence that the United States considers that the introduction of weapons with atomic capability into the area will have the effect of "freezing" the situation and would mean in practice the acceptance of the two Chinas position. It appears that the recent introduction of Matador missiles into Formosa fits into this assessment in the U.S. view. The question then arises as to whether either the Nationalists or the Communists in China will accept such a condition. And, further, whether the Nationalists and their party the Kuomintang can hang on indefinitely in Formosa having regard to the forces at work in the island.

B. THE ATTITUDE AND OBJECTIVES OF NATIONALIST CHINA

9. Like Washington, the Nationalist Government in Taipei accepts the impermanence of the Chinese Communist regime as an article of faith. Only thus can it keep alive the hopes which themselves keep it alive.

10. The short-term Nationalist objective is to convince the world of its regeneration after the 1949 humiliation and shame by demonstrating from Formosa the soundness of its moral fibre and of its social and economic policies. It wishes in particular to maintain an appeal to the 10 million or so overseas Chinese so that they are not faced with the choice only of Communist China as their Chinese home and inspiration.

11. The Nationalists' ultimate objective is to return to the mainland as the government of China. In this it faces pressure from two directions: first, it must return before Communist consolidation of its regime with general world acceptance have become such as to remove all hope for the Nationalists; secondly, it must move before its own carefully created show-piece position on Formosa becomes unstuck through such factors as failing patience and self-restraint on the part of the Nationalists themselves, renewed Formosan discontent and increased political power, or some other crisis (such as the death of Chiang Kai-Shek leading to confusion and division within the Kuomintang.)

12. A separate background information paper on Formosa, outlining the governmental, political and economic conditions of the island, shows with what skill the Nationalists have carried out their short-term objective. However, their anomalous position is too evident to the world to be offset unduly by achievements in Formosa itself. Moreover, as the paper shows, the Formosan base is an uncertain one for the Nationalists to stand on and a shift may in time be forced upon them.

13. In carrying out their long term objective - of return to the mainland - the Nationalists have necessarily suffered from severe limitations. They are dependent on either external support (such as American) or conditions internally in China in their favour. The Americans have made it clear (see below) that they have no intention of encouraging Chiang Kai-Shek in carrying out a mainland attack, and they have moreover as a matter of deliberate policy kept his armed forces in a state denying them the capacity for such attack. Nevertheless, danger lies in Nationalist interests in a wider conflict on the waves of which they might expect to ride back into power on the mainland. They are prone, therefore, to stir up and buy into possible conflict for this reason (as with their offer of fighting forces for the Korean war).

14. Able neither to go it alone on the mainland, nor to enlist outside support, as yet, the Nationalists are thrown back on seeing the fulfilment of their hopes as part of a broader movement within China itself. They profess to believe that the Communist regime cannot last and in this sense time is on their side. They claim to have built up areas of resistance in the far west of China, but acknowledge that they have not had the same success in the coastal areas (where surveillance is no doubt much sharper).

15. Meanwhile, as this dangerous stalemate persists, the propaganda war between the conflicting regimes goes on as well as extensive subversive and counter-subversive activities on both sides. The conflict is manifested on other fronts as in the United Nations and in the diplomatic field generally. With regard to the United Nations the Nationalists are realistic enough to expect small change from it and certainly not to expect any measurable support from the U.N. in any possible move back to the mainland by either peaceful or forceful means. It is

Delete
'S'

enough for the Nationalists that they can manage to hold their seat in the U.N. and save their international position from disintegrating. Despite the increase from 12 to 24 in the number of countries at the last General Assembly opposing the now customary moratorium on the issue of Chinese representation, the Nationalists claim to be confident that they can hold their position for the time being.

16. Likewise on the diplomatic front generally they are bending every effort to keep alive and extend if possible support for their cause. (See Annex "C" for details of diplomatic representation.)

17. The vital prop to the Nationalists regime is of course the United States without whose support their position generally and in the United Nations would have collapsed. Lacking faith in the United Nations and notwithstanding that they have a security agreement with the United States the Nationalists have also shown interest in a regional system of security. Foreign Minister Yeh mentioned to Shanahan on his visit to Taipei the possibility of a defensive agreement linking Free China, Korea, Vietnam and SEATO, although he had not concealed the little regard he had for either Thai or Filipino forces. For the same reason the Nationalists take an active interest in the vague APAFL (Asian Peoples' Anti-Communist League).

Possibilities of a negotiated agreement

18. Theoretically, at least, a possible solution to the conflict between Nationalist and Communist China is a negotiated agreement between them. There are reports from time to time of secret negotiations or feelers by one side or the other. It is particularly in the Communist interests to spread such reports as an effective means of undermining Chiang Kai-Shek. It is difficult for us to tell whether any such reports should be taken seriously. Publicly and privately (e.g. to Shanahan) Chiang has scoffed at such reports. He suggested to Shanahan that, if the Chinese Communists broke with the Soviet, it would be possible for the Nationalists to reach agreement with them as those Chinese would be no longer Communists.

19. Recent reports have mentioned a Communist offer to Chiang including autonomy to Formosa in all but defence and foreign relations, Chiang's retention of his police and troops in Formosa and his assumption of second top military post in China, and his choice of residing in Peking or Taipei. Chang Ch'un, a special secretary to the President, has been mentioned as an individual taking part in the alleged secret dealings. A suspicion also exists that the President's son (Chiang Ching-Kuo) has been concerned with similar dealings though possibly with the double-dealing motive of extorting more from the United States. Another report suggests that the China lobby in the United States may be seeking to replace Chiang Kai-Shek in favour of another Nationalist leader (unspecified) who can be trusted not to negotiate with the Communists.

20. We have no means of assessing the validity of any of these reports and suggestions, but it would be well not to lose sight of the possibility of some negotiated settlement. It could at some stage be the last way out for the Nationalists.

C. THE OFF-SHORE ISLANDS

21. A serious problem, though at present less critical than was the case a year or two ago, is posed by the position of the offshore islands with the uncertainty existing as to Communist China's military intentions in regard to them and the nature of United States reactions to a full-scale attack on them should one be launched.

22. The islands in question are the Quemoy group (about 7 miles from the mainland) and the Matsu group (about 17 miles). They were Chinese even at the time of the Japanese annexation of Formosa, and, whatever the ultimate status of Formosa and the Pescadores, they must in the long run be considered as essentially part of the mainland.

Value of the islands to Nationalist China

23. The Nationalist Government's Foreign Minister has stated that these islands are the Nationalists "eyes" on the mainland. From the Quemoy the Nationalists are able to harass shipping bound for the mainland port of Amoy, and from the Matsus to interfere with the trade of Foochow. In the days of Japanese rule over Formosa, before hostilities began with China, the islands were not occupied by the Japanese and it is doubtful whether even under modern conditions their possession is essential to the defence of Formosa.

24. Their position is, however, important from the point of view of Nationalist morale. The Nationalist Government is determined to resist any attack on them from the mainland. There is a Nationalist force of some 120,000 troops on the islands, and it would be a serious blow if they were cut off. Foreign Minister Yeh has stated to the Legislative Assembly that in the event of a Communist attack on Quemoy and Matsu the Government is determined to retaliate against mainland bases even though such action "may develop into unlimited scale".

Possibilities of Defence

25. Quemoy is in range of Communist shore batteries and Matsu has adequate beaches for landing operations. The lightly-held island of Laoteng close to the Matsus could serve as a stepping stone to their invasion, just as in 1955 the capture of Inchang was the preliminary to the successful attack on the Tachen islands. The Communists for some time have been believed to have the military capacity to attack outlying islands of the offshore group.

26. It would not be possible for the Nationalists alone to prevent a landing on the islands, and they could not indefinitely resist a determined invasion. A Communist air blockade could also cut off supplies. In the event of a major war it is difficult to see how the islands could be held, and there would seem to be no sound strategic reason to attempt to hold them.

The Present Position

27. The offshore islands have for long featured in hostilities, carried out by artillery, and mostly of a desultory nature, with the mainland. These, it is believed, are initiated more often by the Nationalists than the Communists. Recently - in June and July - there occurred stepped up artillery duels, apparently this time on Communist initiative. United States sources believe that they were inspired largely for domestic Communist purposes and in reaction to the establishment of new Nationalist artillery positions on Quemoy. There is a possibility that they were associated with reactions to the U.S. announcement on the re-equipment of forces in Korea, but the connection is regarded as slight. American sources say that there has been no evidence of a major attack coming from the mainland, although of course little warning would be likely anyhow.

D. POSITION OF THE UNITED STATES ON FORMOSAN PROBLEM

28. The key factor in the Formosan problem is the attitude and action of the United States. These are directed in large measure by the United States reactions to the Communist regime in China. The effects are to earn for the Nationalist regime the fullest possible backing of the United States short of support for their aim to return to the mainland.

29. The United States has maintained unwavering support of Chiang Kai-Shek's government as the only legitimate government of China and has led the diplomatic defensive operation in the United Nations that has kept the seat there for that government.

30. With economic aid to the Nationalists of approximately \$200 million annually, the United States has been responsible in large measure for the creditable performance of the Nationalists on Formosa in the economic and social fields.

31. The United States, also, has led the campaign of criticism and ostracism of the Chinese Communist regime. It has also imposed a total embargo on trade with that regime and, apart from a recent relaxation on the visits of newspapermen, has discouraged all forms of contact with it.

32. As to the substance of the Formosa problem, the U.S. has placed itself, largely by means of the Seventh Fleet, in the way of any impetuous act on the part of Chiang Kai-Shek to return to the mainland. Secretary of State Dulles has also told Chiang that his future was on

cc \$100 million

Formosa; that he discredited himself in foreign eyes and made himself look ridiculous by talking of return to the mainland; and that the matter of his future elsewhere than on Formosa would depend not on Chiang himself but on other circumstances such as popular uprisings in China or the general outbreak of hostilities.

33. It is clear then that United States policy on the Formosan question generally is content for the present to have the existing position "frozen".

Attitude towards Offshore Islands

34. The United States position on the offshore islands is not so clear cut. The islands do not form part of the United States defence system. Stated American policy is "to meet force with force if the attack on the offshore islands is clearly preparatory to an attack on Formosa". The President has Congressional authority to use United States armed forces as he deems necessary in the defence of Formosa and the Pescadores and related areas. He has made it clear that it is he who will decide whether an attack on Quemoy and/or Matsu is preparatory to an attack on Formosa. Such a decision would be a most difficult one. His military advisers moreover could hardly state categorically that an attack on Formosa was or was not intended.

35. Some months ago (and arising out of the publication of Beal's "John Foster Dulles") there were press suggestions that President Eisenhower had given Chiang Kai-Shek in a personal letter a tacit commitment that the United States would help him defend Quemoy and Matsu. President Eisenhower has denied this; The position with Quemoy and Matsu is then that action is left for decision by the U.S. President at the time such decision might seem necessary.

Defense Arrangements

36. The basis of United States security support of the Republic of China is the Mutual Defence Agreement signed in 1954. The United States continues to give the Nationalists on Formosa military assistance to the amount of \$300 million. A sizeable U.S. MAG (Military Advisory Group) is maintained on Formosa. Taipei is a fully operational base for U.S. Air Force Air Task Force 13. No U.S. ground troops are stationed on Formosa.

37. On 7th May last the United States announced that U.S. Air Force troops armed with the guided tactical missile Matador (TM 61) would be stationed on Formosa. The announcement stressed the defensive purpose of this move and the Nationalist Government in its references to it did likewise. The Matadors will be in exclusive control of the U.S. Air Force. A U.S. source states that the Matador is "effective" although not the most modern of weapons of its type.

* Full title: MILITARY ASSISTANCE ADVISORY GROUP
OR MAAG

The Nationalist Armed Forces

38. The armed forces on Formosa are large and to most observers impressive. The former criticism of them as "ageing" is considered no longer valid because of the introduction of an effective system of retirement and recruitment. The United States believe that the Army, as the second strongest anti-Communist force in the East (next to the ROK) is an excellent investment.

39. There are approximately 630,000 in the Formosan armed forces. There are 380,000 in the Army and the remainder are distributed between the Air Force, Navy and Marine Corps. Their organisation and equipment are along American lines. There exists a strong United States MAG (Military Assistance Group) helping the Nationalist forces.

40. The United States follows a policy of keeping the Nationalist Chinese transport aircraft and marine landing craft in short supply. As in Korea, the U.S. keeps a firm hold on the "lanyard".

41. The absorption of the Formosan islanders into the Nationalist army has proceeded with unexpected smoothness, but, if an armed return to the mainland ever became a serious possibility, their presence (estimated at 80%) might give rise to difficulty.

U.S. Relations with Formosa - Taipei Riots

42. The considerable U.S. presence and influence on Formosa has not until recently given rise to much trouble. The Americans are said to be fairly unobtrusive on the island, although the large MAG element has rights amounting to diplomatic immunity. The Nationalist Government does not like of course the Geneva talks between the Americans and Chinese Communists.

43. Anti-American riots in late May in Taipei, however, shook severely the general serenity of U.S.-Formosa relations. An American master-sergeant named Reynolds from the MAG group shot a Chinese named Liu on 20th March. On 23rd May a U.S. court martial found him not guilty of murder. This touched off demonstrations developing into riots that resulted in the sacking of the U.S. Embassy and other unsavoury acts. They appeared to originate among students of schools and colleges but were not unduly well organised. It appears that the government knew of the possibility or probability of demonstrations on the day concerned, but was not directly involved, although there was an element of condoning them in its attitude. (There was in fact wide sympathy among government officials with the people's feelings over the verdict). There was no evidence of factions in the Kuomintang being associated with the riots, or for that matter of extreme left-wing instigation.

44. The U.S. summing up from Washington was that the riots arose from (a) frustration on the part of the population because of the reluctance of the U.S. to support an attack on the mainland -- we feel this is slightly dubious; and (b) revulsion of the Chinese against any form of extra-territoriality.

Bellevue

the cut

50%

f

45. The effects of the incident are the main thing. Secretary of State Dulles said that it would result in no change in basic U.S. policy. Chiang Kai-Shek claimed that the demonstrations were spontaneous and emotional and not anti-American. However, they clearly shook American confidence (if not complacency) and showed that popular feeling in Formosa would have to be taken into more account in future. The Chinese Communists of course exploited the incident for propaganda purposes. Another effect was to arouse once again public opinion in the United States on the question of Formosa and to lead to suggestions in parts of the press for a re-appraisal of the "bankrupt and unreal" U.S. China policy.

E. THE POSITION OF AUSTRALIA

46. On the problem of Formosa and the related question of recognition of Communist China the Australian position stands somewhere between the British and the United States. We continue to recognise the Republic of China as "China", both generally and in the United Nations. We do not, however, though mainly for administrative and staffing reasons, have a representative in Taipei, although the Nationalist Government maintains an Embassy in Canberra. We have resisted recognising the Chinese Communist regime - the People's Republic of China.

Australian Policy

a 47. Our basic aim is to seek the renunciation of force by both sides in the Formosa area. In broad terms our policy aims to preserve the free world position in the area by frustrating action that might advance the cause, or the area under the control, of Communism. Our position to a large extent, therefore, and on fundamentals, amounts to support of the U.S. position.

48. Spelt out, though still in broad terms, the following are the main elements of the Australian attitude:*

- (a) Australia believes, basically, that force should not be used by either the Communists or the Republic of China.
- (b) Australia is opposed to the loss of Formosa or the Pescadores to the Communists.
- (c) At the same time (although this has not been said publicly) Australia does not feel that it can support military efforts by the Republic of China to re-establish itself on the mainland. Such support could only be contemplated in the context of an entirely new situation such as war with Communist China following aggression by the Communists.

* These points have been officially put to the Nationalist representative in Canberra.

- (d) Australia seeks an easing of tension between the Republic of China and the Communists so as to lessen the dangers of a war that might grow into a world war.
- (e) Generally, Australia wishes to try to assist the Republic of China in all practicable ways to maintain as secure an international position as possible, and to use our influence in getting other Governments to accept the principle that there should be no change in the status by force of arms.
- (f) Australia believes that over the long term efforts to build up and support the international position of the Republic of China are affected by the situation in the offshore islands held by the Nationalists. At the same time the relinquishing of these islands could only be considered in the circumstances of the attitude and undertakings of the Chinese Communists.

Representation on Formosa

49. The Nationalist Government through its Embassy in Canberra raises from time to time the question of Australian representation on Formosa. It has been explained to them that the administrative and staffing aspects are the major problem, and that conclusions of a political nature are not to be drawn from our lack of representation in Taipei.

50. More lately the question of Australian trade representation on Formosa has been actively considered. Trade (McClintock) has admitted that Trade is looking more to the mainland (where trade is running at an annual rate of over £4 million) than to Formosa (where the figure is less than £1 million). However, Trade is prepared to cooperate if trade representation on Formosa is regarded as politically desirable, and suggests the possibility of the appointment of an Assistant Trade Commissioner at Taipei for a trial period of two years. The Secretary has recently written to the Secretary of the Department of Trade suggesting the possibility of establishing a mission in Formosa with a trade man in charge for the time being. There has not yet been any reaction to this suggestion.

Australia - Formosa Trade

51. In the trade sphere Formosa is of less immediate and prospective importance to Australia than mainland China. As in the case of Japan, Australia enjoys a large excess of exports over imports from Formosa, mainly because of our wool trade. Formosa on the other hand has not many items we need or wish to get competitively from there, apart from tea. There has been some recent interest in Australia in the availability of petrol from Formosa.

52. The following are details on Australia-Formosa trade:

Australian Trade with Formosa

£A.000

	<u>Imports</u>	<u>Exports</u>	<u>Excess of Exports over Imports</u>
1951/2	51	50	-1
1952/3	54	740	686
1953/4	137	444	307
1954/5	100	546	446
1955/6	83	828	745
1956/7	47	576	529

Principal Items of Trade 1955/6

£A.000

<u>Imports</u>	<u>Value</u>	<u>Exports</u>	<u>Value</u>
Tea	20	Milk	38
Feathers	4	Butter	5
Hats, panama etc.	40	Invalid feeds	3
Wood oils	6	Hides & skins	50
Camphor	2	Wool	727
Citronella	7	Lead oxide	1

1956/7 Exports - mainly wool

Australian Trade with Communist China

Exports to Communist China

(£A.)

	<u>1951/2</u>	<u>1952/3</u>	<u>1953/4</u>	<u>1954/5</u>	<u>1955/6</u>	<u>1956/7</u>
Flour	4,900	-	319	-	23,854	-
Wheat	-	787	-	512	814	-
Wool	210,649	633,807	217,183	2,661,260	2,640,542	-
Chemicals etc	19,261	27,678	368	1,366	1,050	-
All other	47,944	18,438	20,585	41,564	34,621	-
Re-exports	391	3,001	-	3,379	5,456	-
Total	282,754	680,710	219,245	2,704,702	2,700,781	64,696

Imports from Communist China

(£A.)

Nuts, edible	214015	235364	75106	36329	83147	
Tea	77993	81612	109283	106842	181496	
Bristles	907289	328087	440653	469823	572398	
Piece-goods	3885	-	6754	9166	148149	
Handkerchiefs, serviettes, table linen	102467	42472	129834	123268	111998	
Cosies, cushions, etc.	107904	61330	114978	48132	41389	
Other textiles	97494	24617	90483	139799	105543	
Hats & caps	155399	127057	199591	148703	122023	
Other apparel	120594	22926	75388	32297	20817	
Oil, tung	405126	261709	285870	311028	488697	
Other oils & fats & waxes	124143	43263	48646	12872	19873	
Earthenware, cement china, glass & stoneware	221809	1013	10022	3340	7683	
Chemicals medicinal & pharmaceutical products, essential oils & fertilizers	70634	11777	16558	43103	52115	
Outside packages	92212	25632	42873	30326	41991	
All other	412880	141597	336649	216744	278415	
	<u>3113844</u>	<u>1408456</u>	<u>1982688</u>	<u>1731772</u>	<u>2275734</u>	<u>2076562</u>

F. POSSIBLE TOPICS THAT MAY BE RAISED WITH SECRETARY

The following are some of the topics that the Government of the Republic of China may raise with the Secretary:

1. Representation in Taipei

See above.

2. Invitation to Mr. Casey

It is likely that the Nationalist Government will wish to renew their invitation to the Minister to visit Formosa. A visit would be impracticable this year.

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It is likely that the Nationalist Government will wish to renew their invitation to the Minister to visit Formosa. A visit would be impracticable this year. The Minister will have under consideration the possibility of including Japan (and Korea) in a trip in 1958, and the question of a Formosa visit might be considered along with this.

3. Suggested visit to Australia of Foreign Minister Yeh

When Shanahan (New Zealand) visited Taipei in December, 1956 Foreign Minister George Heh had expressed to him the hope that he could make a brief visit to New Zealand and Australia. Shanahan reported to his Government: "I think that it would be useful if Mr. Yeh... were to visit New Zealand, and I hope that it will be possible to arrange this".

Later Mr. Yeh sounded out the United States Ambassador in Taipei as to the possibility of his being asked to make a formal visit to Australia and New Zealand. The American Embassy raised the matter in Canberra, and it has been given Departmental consideration. It has been felt that we can have no objection to Mr. Yeh visiting Australia although 1957 was scarcely convenient because of other commitments on visits. It was also felt that the possibility of his having to suffer some hostile demonstrations might have to be faced by Mr. Yeh, but that these could no doubt be coped with.

The matter has not yet been considered by the Minister.

4. Admission of Nationalist China to Colombo Plan

Of the free countries of Asia, only Nationalist China and Korea are outside the Colombo Plan.

The Foreign Affairs Committee has raised the question of the admission of Nationalist China.

We do not regard their admission as a practical proposition. The move would strike strong Asian opposition, for example from India, and hitherto admission to the Colombo Plan has always been a matter for unanimity. There would, moreover, be no Australian money to spare on another area, added to which U.S. assistance to Formosa is already on a vast scale.

YEH

5. United Kingdom attitude towards Formosa

There have been suggestions, if not signs, of a renewed interest on the part of the U.K. in Formosa arising not from a changed appreciation of Chiang Kai-Shek, but from disillusionment with the Communists and the treatment received from them on the mainland.

The Nationalists may seek to sound out the Secretary on this.

We have no knowledge of any change in the U.K. attitude.

6. Trade Embargo against Communist China

The recent decisions on the part of the COCOM group to relax the embargo on the export of goods to Communist China (and North Korea and North Viet Nam) may inspire the Nationalists to sound out the Secretary on the Australian attitude.

There is a draft submission before Cabinet on this question. There are suggestions, however, of considerable resistance in Cabinet, in Parliament (e.g. Foreign Affairs Committee) and on the part of the public to any Australian decision to follow the Paris group in relaxing the embargo.

The issue will be a delicate one to handle in discussions and much will depend on the timing of any proposed Australian action. The Secretary will need to be kept posted on developments in Canberra.

7. Trade with Australia

The Nationalist authorities may raise trade matters, especially in view of the recent Australia-Japan Trade Agreement.

See Australia-Formosa Trade under E above.

8. Support for Republic of China in the U.N.

The Nationalist Government is certain to press for continued support from Australia for Nationalist Chinese representation in the U.N. which no doubt we can offer.

Action will probably have already been taken on this issue in the General Assembly by the time of the Secretary's Taipei visit.

G. POSSIBLE TOPICS FOR THE SECRETARY TO RAISE

Certain topics under F above might also be included here.

In addition the following are suggested:

1. Nationalist Chinese interest in Regional Security Arrangements

See paragraph 17 above.

Discussion could centre on SEATO, a proposed NEATO (North East Asia Treaty Organization) and on an "Eisenhower Doctrine" for the Pacific.

2. Particular Aspects of the Formosan Problem

These could follow from Sections A to E of this brief and include such questions as:

What are practicable solutions of the Formosan problem - trusteeship, "two Chinas", negotiated agreement?

Does the Government of the Republic of China still seriously anticipate an opportunity to return to the mainland? If so, when and under what conditions?

Does the Government renounce the use of force in achieving its objectives?

Is there not a contradiction between the Nationalist objectives and their military capabilities for carrying them out?

What evidence has the Government got on conditions in China and the security or otherwise of the Communist regime?

Even if the Nationalist Government were able to return to the mainland has it any reason to believe that it would be generally acceptable as an alternative Government to the Communists?

Might not a government neither Nationalist nor Communist be desired by the Chinese people?

What cadres of support has the Nationalist Government been able to build up on the mainland?

How does the Government gauge its standing and prospects in the U.N.?

What is its appreciation of the effects of the Afro-Asian attitude on its position?

Is the Government confident of the security of its political position on Formosa, having in mind the attitude of the indigenous population?

If the Government were able to return to the mainland what policy would it carry out in respect of the Formosans who may well have conflicting political aspirations of their own?

Would the Government be confident of the adherence of the predominantly Formosan element of the armed forces if an armed return to the mainland were undertaken?

3. The Position of Overseas Chinese

The Secretary might question the Nationalist authorities to test the validity of the proposition that Formosa is a centre, culturally and emotionally, for overseas Chinese. These questions might include the following:-

What evidence has the Government of the allegiance of overseas Chinese and in what numbers from particular areas?

Are not a great many, if not the majority, of overseas Chinese in foreign communities simply sitting on the fence for the present, prepared to jump on whichever side wins?

Does not the Government agree that the primary allegiance of overseas Chinese is to the countries in which they reside? If so, how is this reconciled with the Nationalist Government's attitude?

What are the figures for overseas Chinese visiting or returning to, in the sense of their homeland, Formosa? And the categories (students, merchants, etc.)?

What favourable conditions of investment are granted overseas Chinese in Formosa?

What remittances are received from overseas Chinese?

Are there any figures for the comparative standing of Communist China as regards the allegiance, return to homeland and remittances of overseas Chinese?

4. Students

As with the allegiance, visits and remittances of overseas Chinese generally there is competition between the Nationalists and Communists with regard to students and the respective claims of Peking and Taipei to being the cultural and educational centre for all Chinese.

The Secretary might pursue the case of students with questions along the following lines:-

How many overseas Chinese students are now studying in Formosa? Of these, how many arrived in 1957? And how many are doing courses of over 12 months?

What is the breakdown of their attendance at primary and secondary schools, universities, institutes etc.? And the breakdown of courses?

What assistance or other special arrangements are given to overseas Chinese students by the Nationalist Government?

How many teachers and professors have been sent abroad by the Government, and to what areas, to serve in overseas Chinese schools?

How many have completed courses and what is the present enrolment of teachers training for overseas Chinese schools at the Formosan Provincial Normal University?

What other support does the Government give to these overseas schools?

What are the details of the support or endowment of cultural and educational institutions in Formosa by overseas Chinese?

What has been the impact on overseas Chinese of the Nationalist Broadcasting Corporation's special shortwave broadcasts? Are there any details of the number of listeners?

5. Foreign Relations of the Government

See Annex "C".

The Secretary might question the Nationalists regarding any particular problems in their foreign relations.

For example, he might raise the position of Japan and ask about their appreciation of Japanese strength and weaknesses, and Japan's future and trustworthiness.

India and the U.K. are other particular countries to enquire about.

6. Proposal for an Asian Development Fund

The Secretary might question the Nationalists on their reaction to the Japanese proposals for an Asian Development Fund submitted by Prime Minister Kishi to Washington and South-East Asian governments.

7. Exchange of Contacts and Visits between Australia and Formosa

It may be desirable to discuss, or be found unavoidable to be engaged in discussion of, the matter of increased contacts of various kinds between Australia and Formosa.

Unofficial visits are no doubt to be encouraged. From Australia's point of view we cannot be too eager on official visits because of Formosa's exclusion from the Colombo Plan and our lack of funds generally. We have no firm proposals for inclusion of Nationalist Chinese in the Asian Visits Fund.

8. The Position of Dr. Chen

An opportunity might be found to clarify the position of Dr. Chen Tai Chu, Chargé d'Affaires of the Embassy, in Canberra. We have asked Washington to endeavour to find out the facts on which the impeachment of Dr. Chen was based, but we have not yet received any precise information.

ANNEX "A"

PERSONALITIES IN THE REPUBLIC OF CHINA GOVERNMENT

Generalissimo Chiang Kai-Shek - President
Madame Chiang Kai-Shek - Wife of President
Dr. George K.C. Yeh - Foreign Minister
Mr. Ch'en Ch'eng - Vice President
Mr. Chiang Ching-Kuo - President's son and chief of Security
Mr. Cho Shu-Kai - Vice Minister of Foreign Affairs
Mr. Wang Feng - Director of Protocol, F.M.
Mr. Yen Chia-Kan - Provincial Governor of Formosa until recently and now Vice-Chairman of Economic Stabilisation Board
General Chou Chih-Jou - Provincial Governor (recently appointed)
Mr. O.K. Yui - President of the Executive Yuan, that is, Premier
Mr. Kiang Piao - Minister of Economic Affairs
Mr. Chang Tao-Fan - President of Legislative Yuan
Mr. Yu Yu-Jen - President of Control Yuan

Complete Nationalist Cabinet (Executive Yuan)

Premier - O.K. Yui
Interior - Wong Teh-Pu
Foreign Affairs - George K.C. Yeh
Finance - Hsu Po-Yuan
Defence - Yu Ta-Wei
Education - Chang Chi-Yun
Justice - Ku Feng-Hsiang
Economic Affairs - Kiang Piao
Communications - Yuan Shou-Chien

There are also the following organs with their heads:

Commission on Overseas Affairs (Cheng Yen-Fen),
Government Information Bureau (Sampson Shen), Atomic
Energy Commission (Chan Chi-Yun), Council for United
States Aid (O.K. Yui).

Foreign Personalities

Mr. Karl L. Rankin - United States Ambassador
Mr. A.A.E. Franklin, O.B.E. - British Consul at Tamsui
(accredited to Provincial Government)
R.G. Bartley - British Vice Consul at Taipei
(Telephone: 42040)

ANNEX "B"

POSSIBLE ACTIVITIES

Places to Visit

(a) Business and Instructional

Mill - of the China Textile Corporation

Refinery - of the Chinese Petroleum Corporation at
Kaohsiung

Workshops - of the Yu-Lung Machinery Corporation

Factories - Sulphate Ammonium factories at (Haohsiung

Arsenals - at Kaohsiung

Aluminium Works - of Taiwan Aluminium Corporation at
Pintung (?)

Rural work - Centres of the Chinese-American Commission on
Rural Reconstruction

Military - First Naval Base District HQ
Army Establishments on Formosa

Sugar Refinery - of the Taiwan Sugar Corporation at Pintung

Offshore Islands - Visit to Quemoy (done by Shanahan) (?)

Educational - Visit National Taiwan University or one of
the technical institutes

(b) Recreational

Sun Moon Lake - Inevitable if presidential invitation
received as President spends much time
at Evergreen Hostel on its shores

Mountains - Mt. Jade (3950 m.), Mt. Ali (2800 m.)

Historic relic - Anping. Harbour and "old Rome" of Formosa

(c) Other likely suggestions

Rotary - Address to Taipei Rotary Club (Lunch)

Museum - Visit to National Museum

Broadcast - Request to give broadcast for the Broadcast
Corporation of China is inevitable.

Selected

ANNEX "C"

DIPLOMATIC RELATIONS OF NATIONALIST REPUBLIC OF CHINA

1. Foreign Representation in Taipei

Embassies: Brazil, France, Japan, Republic of Korea, Panama, the Philippines, Spain, Thailand, Turkey and U.S.

Legations: Dominican Republic, Holy See, Venezuela.

Consulates: United Kingdom (at Tamsui)

U.N.: UNICEF-WHO Liaison Office

2. Overseas Representation of the Republic of China

Embassies: Australia, Argentina, Belgium, Brazil, Canada, Chile, Egypt, France, Greece, Japan, Korea, Italy, Iran, Mexico, Panama, the Philippines, Peru, Spain, Thailand, Turkey United States

Legations: Colombia, Costa Rica, Cuba, Ecuador, Guatemala, Dominican Republic, Iraq, Lebanon, Nicaragua, Portugal, Vatican, Venezuela.

Consulates: Chicago, Honolulu, Davao (P.I.), Houston, Hue (Vietnam), Johannesburg, Los Angeles, Melbourne, Nagasaki, New York, Osaka, Phnom Penh, Saigon, San Francisco, Seattle, Tahiti, Sydney, Vancouver, Wellington, Yokohama.

U.N.: Permanent Delegation

Macao: Commissioner

3. Countries Recognising Communist China

Albania, Afghanistan, Bulgaria, Burma, Ceylon, Czechoslovakia, Denmark, Egypt, Finland, East Germany, Hungary, India, Indonesia, Israel, Nepal, North Korea, North Vietnam, Mongolia, Netherlands, Norway, Pakistan, Poland, Rumania, Syria, Sweden, Switzerland, United Kingdom, Soviet Union, Yugoslavia and Yemen.

my letter

For my brief for Taipei.
I want a set of questions
to enable me to test the
validity of the proposition
that Formosa is a centre
(culturally & emotionally) for
overseas Chinese.

One question is

"How many students
visit Taipei ^{in order} (to exclude
specially sponsored people
& ~~at~~ limit the inquiry to volunteers
it might be as well as to consider
students who go there for 12 months
or longer) ~~and~~"

EXTERNAL AFFAIRS.

CONFIDENTIAL

Mr. MARSHALL:

Formosa.

The Secretary intends to go to Formosa in October.

2. Would you let me have, as soon as possible, some background notes on Formosa, a copy of Foss Shanahan's report on his visit, and some suggestions as to what the Secretary should do, where he should go, whom he should see, and ^{other} questions he should ask?

902
AHL.
Pac. & Am. Branch.
25/7/57.

MR. LOOMES.

Q.E.F. !



THIS IMAGE IS REPRODUCED FROM A DAMAGED PAGE WITH A PORTION OF THE INFORMATION MISSING.

EXTERNAL AFFAIRS.

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File No.....

Date.....30th April

SUBJECT AUSTRALIAN REPRESENTATION IN FORMOSA

FOR THE SECRETARY

The Australian Government has not given diplomatic recognition to the Communist regime in China. Australia recognises the Chiang Kai-shek administration on Formosa as representing the Government of the Republic of China and has accepted a Chinese Ambassador to Australia. This submission will examine the political aspects of Australian representation in Taipei, leaving aside the question of the shortage of Australian diplomat staff.

The Problem

2. Following on their withdrawal from the Mainland, Chinese Nationalist forces established themselves on Formosa where, with United States support, they have introduced a stable, if somewhat authoritarian government. This regime claims to represent the "Republic of China" which is an original member of the United Nations and (under Article 23) a permanent member of the Security Council. Such an assertion is challenged by the Chinese People's Republic (C.P.R.) which has effective control on the mainland of China, the support of the majority of the population, and claims sovereignty over the islands occupied by the Nationalists.

3. Legal arguments can be advanced to show, at least, that Formosa and the Pescadores do not belong to the C.P.R. Such arguments derive from Japan's renunciation, under the Peace Treaty, of claims to sovereignty over Formosa and the Pescadores, without this sovereignty having been specifically transferred to any party other, in fact, than the Commander in Chief of Allied Forces in the Pacific. Chiang Kai-shek may truthfully claim to have established de facto control over these islands and a prima facie right of suzerainty would appear to exist. On the other hand, it is obviously unrealistic to accept Nationalist claims to represent the people of China itself.

4. Australia has publicly supported the United States in its determination to withhold international recognition of a regime which has refused to accept international obligations, has broken accepted codes of international behaviour and whose principles of government are (defeated) in the democratic world. Privately, United States officials have expressed concern that recognition of the C.P.R. would, by enhancing its international prestige, encourage subversion in South-East Asia. Australia, by reason of her close associations with the United States will need to give careful consideration before taking any decision to recognise the C.P.R. as this would undoubtedly cause United States resentment.

Mr Phillips
I want to bring this matter before the committee. Please attend your meeting.
4/15/57

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On the other hand, re-imposition of Nationalist control on the Chinese mainland, either by peaceful or military means, is becoming a remote possibility. Continued refusal to accept the fact that the C.P.R. is in effective control is making eventual settlement of the problem more difficult and is antagonising - or at least irritating - uncommitted countries who recognise the C.P.R. The point at issue, therefore, is whether Australia should, by establishing a diplomatic mission in Taipeh, confirm her recognition of a country whose sovereignty is in dispute, but whose independent existence is undeniable and for whom there is bound to be continued American support for the foreseeable future.

Advantages

5. There would be a number of advantages in Australia establishing a permanent diplomatic mission in Formosa:-

(a) It would confirm our determination not to abandon the people on Formosa to Communist domination and not to lose an important area of Asia by default.

(b) Formosa offers alternative allegiance to over thirty million overseas Chinese among whom the Communists are assiduously seeking support. Given the general unpopularity of Chinese communities in Asia and their reluctance to identify themselves with their country of residence, consular protection and national traditions must be available to them from a source other than the C.P.R. A permanent regime in Formosa could meet such needs, but only with Western support. The establishment of an Australian mission in Formosa would probably, in the opinion of the Chinese Charge d'Affaires in Canberra, be an encouragement to the Government on Formosa, and may well have the effect of confirming the allegiance of many of the overseas Chinese to that government.

(c) Formosa is of considerable strategic importance, and it is in Australia's defence interests to ensure that the Nationalist-held islands are available for use by the Western powers. The Australian Defence Committee believes that any weakening of the anti-Communist frontier in this area would enable China to concentrate her military resources elsewhere, in which case the most likely target for aggression would be South-East Asia.

(d) Australia has insufficient information about developments in either China or Formosa. A diplomatic mission would increase our

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This is the major point. We have not, as we have in other countries, access to UK or Canadian information. US information may not always be objective.

capacity to assess the degree of Nationalist control, the extent of United States aid and possible intentions, and the likelihood of hostilities. The United Kingdom, although recognising the C.P.R., maintains a Consulate at Tamsui in Formosa, the Consul however being accredited to the Provincial Government.

(e) Australian trade prospects with Formosa could be examined.

(f) The United States would welcome the mission as further expression of support for her Far East policy.

(g) Asian signatories of the Manila Treaty would be assured of our resolution to stem Communist encroachment and of our support for all Governments pursuing anti-Communist policies.

(h) Morale in Formosa has been based on the prospects of a return to the mainland. These prospects are assessed to be remote and diminishing. Any increase in our support for the Nationalists would help reduce the possibility of their succumbing to Communist political pressure through sheer enmity.

(i) Australian representation would reflect our determination to insist on Communist observance of accepted principles of international conduct as a prerequisite to formal recognition. It would also help to discourage the Communists from launching an attack on Formosa in the belief that international support for the Nationalists had diminished.

(j) Australia would gain more credit from a decision to reciprocate Nationalist representation if this were done before international settlement of the problem leads a number of countries to do so. On the other hand there is no reason to believe that a lead by Australia would be followed by Asian countries.

Disadvantages

6. Advantages are, however, offset by a number of disadvantages.

(a) The opening of a post in Taipei may have to be accompanied by a statement of Australian Government policy on the recognition of the C.P.R. Such a statement, together with our representative's letter of accreditation, would have to assert our acceptance of Nationalist claims to represent the Chinese people; anything less would probably be unacceptable to the Nationalists. To make such an assertion, and to refuse to concede that the C.P.R. is in effective control of the mainland, would have a bad effect on the African-Asian countries who have recognised the C.P.R., and it would probably embarrass anti-Communist Asian leaders well-disposed

I do not see why this is necessary. The less noise the better.

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*These arguments
do not address to
me to be very
impressive.*

to the West. A statement to the contrary would probably remove one of the obstacles to our ability to influence the uncommitted countries.

(b) The Australian Government may be unwilling to risk domestic political differences of opinion on recognition of China, particularly if no international understanding had been reached on the question.

(c) The impression may be created that Australia had taken the decision as a result of United States pressure.

(d) Increased foreign representation in Formosa might lead the Communists to believe that a peaceful solution to the problem is unlikely and may provoke them into mounting a probing offensive against, firstly, the Offshore Islands and subsequently, against Formosa itself.

(e) The Nationalists may misinterpret our interest and embarrass us by pressing for membership of the Colombo Plan and SEATO.

(f) We would lose any possible advantage that might occur, in our future relations with the C.P.R., from an early decision to recognise it and support its membership of the United Nations.

Conclusions

7. The main advantage of our decision to open a post in Taipeh would appear to result from the reflection of our determination to insist, in whatever solution is reached of the "Two Chinas" problem, on Formosa being maintained as a democratic bastion in the Far East and an alternative source of allegiance and protection for the Overseas Chinese. The chief disadvantage would arise from the antagonism likely to be expressed by Asian countries to our continued refusal to recognise the C.P.R. Australia herself may suffer from closer identification of Australian and United States foreign policies. In the long term, it appears to be in Australia's defence interest, having regard to her future position in Asia, to ensure that Formosa and other non Communist countries of the area are not lost by default even at the expense of relations with other Asian countries.

8. If our long term aim is to recognise Communist China eventually but only in respect of the mainland and to recognise Formosa as a separate state, this aim would not be prejudiced by the establishment of a diplomatic mission in Taipeh.

9. Subject therefore to administrative difficulties being overcome, it is not considered that there are any overriding objections to the establishment of this mission.

CHL
RNB/GB.

*Approved by
the Premier
CHL*
Pacific and Americas Branch

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In my view we should open an Embassy in Taipei.

Lack of info.

No C/W post -- except UK consular

If we believe that the inevitable and the desirable point together towards eventual recognition of Red China and the establishment of some separate independent status for the island of Formosa Australia ought to be equipping itself to come forward with some ideas for the future of Formosa which are related to the domestic situation in that ~~area~~ territory. This is a unique situation in which none of the great powers is likely to take lead. At present Australia knows virtually nothing about Formosa.