

INTEREST OF THE UNITED STATES IN SINO-SOVIET  
NEGOTIATIONS RESPECTING TRADE AND AVIATION  
RIGHTS IN SINKIANG <sup>1</sup>

761.932/2-149 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, February 1, 1949.

[Received February 1—8:45 a. m.]

283. Following is summary Central News Agency despatch dated Hankow January 30:

"General Chang Chih-chung <sup>2</sup> left for Lanchow by air today following 2 days spent as guest of General Pai Chung-hsi. <sup>3</sup>

Shortly before his departure, Chang told Central News recent reports that his return to Lanchow was in connection with conclusion of commerce treaty between Chinese Government and USSR were not entirely accurate.

These reports had stated Chang was returning to Lanchow for expressed purpose of directing personally conclusion of commerce treaty between two countries.

Chang explained that Sinkiang was prepared to conclude commerce agreement with Russia, which was entirely one of local nature. He added that agreement was in process of negotiations for long time and that it had only been recently that any headway was made.

He continued that officials of concerned Ministries and Departments, including FonOff, will be dispatched shortly to Sinkiang to begin negotiations for conclusion of agreement."

Repeated Canton 16, Tihwa 11, pouched Shanghai.

STUART

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761.932/2-849 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, February 8, 1949—10 a. m.

[Received 3:54 p. m.]

337. We queried Vice Minister, Foreign Office, <sup>4</sup> before his departure [for] Canton last week on press reporter [*report of?*] Chang

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<sup>1</sup> For previous correspondence respecting Sino-Soviet negotiations regarding aviation rights, see *Foreign Relations*, 1948, vol. VII, pp. 729 ff., *passim*.

<sup>2</sup> Military and Political Affairs Director for Northwest China; Governor of Sinkiang, 1946-47.

<sup>3</sup> Military and Political Affairs Director for Central China.

<sup>4</sup> George K. C. Yeh.

Chih-chung's trip to Sinkiang (see Embtel 283, February 1, repeated American Consulate General Canton 16). Yeh confided that Chang Chih-chung was in fact going to enter into exploratory conversations with Soviet representatives in Ili area of Sinkiang to regularize present Soviet concessions that area and prevent further encroachment, if possible, Soviet influence in Province. He said there had been conversations [and] intermittent negotiations with USSR over its position of influence in Sinkiang for several years. He emphasized lack of real authority Nationalist Government has over Sinkiang and problem it has of effectively combating extension Soviet influence. Recent reports have reached Nanking that Soviet agents are moving among Sinkiang tribes outside Ili area. This report is apparently one of determining factors in attempting to reach agreement with Soviets now.

Yeh continued that from Soviet standpoint USSR would like to regularize and have recognized all of its concessions and privileges in Province acquired mostly under Provincial regime of notorious Sheng Shih-tsai.<sup>5</sup> From Chinese viewpoint Nationalist Government would like to establish "cordon sanitaire" around Ili area to prevent, if possible, further Russian encroachment [and] influence on rest of Province. Present initiative, however, did not come from Foreign Office, Yeh declared. Chang Chih-chung on behalf of Cabinet undertook to explore situation and see what, if any, balance might be achieved Sinkiang by agreement with USSR now. Yeh denied that Chang's visit to Sinkiang would result in agreement between USSR and China, insisting that there was not yet any draft of projected agreement.

However, Philip Fugh<sup>6</sup> had conversation with Chang Chih-chung before latter's departure for Lanchow which is less reassuring. It is the Soviets who are exerting pressure on Chinese to conclude agreement on Sinkiang, although last year when, with Generalissimo's<sup>7</sup> agreement, Chang raised question Russians were not at that time interested. Three important terms of presently contemplated agreement in broad outline would, according to Chang, be as follows:

(1) Treaty of Commerce and Friendship including provisions for cultural exchange between Sinkiang Province and USSR.

(2) Rights to USSR for exploitation certain minerals Sinkiang.

(3) Withdrawal of Nationalist Government military personnel from Sinkiang and provision against re-entry of any military units into Province. Embassy will attempt to follow closely and keep Department promptly informed developments Chang's visit Northwest.

Sent Department 337; repeated office Embassy Canton 23, Moscow 14.

STUART

<sup>5</sup> Governor of Sinkiang, 1940-44, after ruling Province since 1933.

<sup>6</sup> Personal secretary to the Ambassador in China.

<sup>7</sup> Chiang Kai-shek, who retired as President of the Republic of China on January 21, 1949.

761.932/2-849 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, February 8, 1949—10 a. m.

[Received February 9—12:29 a. m.]

338. [To Consul at Tihwa :<sup>8</sup>] Please keep Embassy and Department promptly informed visit of Chang Chih-chung your area, including anticipated "exploratory talks" or actual negotiations with Soviet representatives on commercial treaty between Sinkiang and USSR. (ReEmbtel 283 to Department February 1, repeated Consulate General Canton 16 and Tihwa 11.)

Sent Tihwa 12; repeated Chungking 7, Department 338, Office Embassy Canton 24.

STUART

893.00/2-1549 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, February 15, 1949—9 a. m.

[Received February 15—5:08 a. m.]

389. Following substance Tihwa Contel 29, dated February 11, 1949 :

Despite rumors to effect many central government troops to be withdrawn to inner China, only some 150 officers have moved from Tihwa area and these have gone Anhsi in northwest Kansu reinforce Ninghsia and Chinghai Moslem troops against combined Mongolian People's Republic and Chinese Communist attack expected possibly this spring. Suiyuan considered lost to CCP<sup>9</sup> and southern Kansu indefensible, but intentions are defend Ninghsia, Chinghai and Kansu corridor at least as far south as Lanchow. Ma Chen-hsiang's Tungkan (Chinese Moslem) fifth cavalry army due move this area from Tihwa when needed for common effort with other Moslem forces. Ma Hung-kwei, Ninghsia Governor, will soon be appointed vice commander northwest army under Chang Chih-chung.

However, clear signs imminent increase Communist activity and influence Sinkiang province. Ili papers have dropped Central News Agency and now using North Shensi despatches.<sup>10</sup> Soviet consent negotiate trade pact received by new province governor Burhan<sup>11</sup> 5 days after his appointment, after 4 years' silence on matter; but terms have not been set. Foreign Office representative Liu,<sup>12</sup> Amprov [*Provincial?*] Vice Commander Tao Chih-yu, and Burhan left Tihwa for Lanchow February 5 to discuss terms this pact with Chang Chih-chung. Chang may be expected choose side with best chance winning. (End summary Tihwa telegram.)

<sup>8</sup> J. Hall Paxton.<sup>9</sup> Chinese Communist Party.<sup>10</sup> Latter Chinese Communist.<sup>11</sup> Also known as Pao Erh-han, Turki Governor of Sinkiang.<sup>12</sup> Liu Tse-jung.

Compare Embtel to Department 337 with above report.

This information matches up with report from controlled American source here that major purpose Chang Chih-chung's trip northwest was consolidate bloc with Ma Hung-kwei and Ma Pu-fang<sup>13</sup> against CCP expansion whether in peace or war. This move in turn fits into strategy approved by Acting President Li<sup>14</sup> and Premier Sun,<sup>15</sup> of building regional regimes to contain Communism roughly north Yangtze River and east Suiyuan, Shensi borders. Chang Chih-chung and Chinese Government willing yield to Soviets economic and other implied concessions Sinkiang partially because they know Russia could seize such rights any time and has gone good way towards doing so through Ili regime and partially because they hope secure return concessions that will limit expansiveness both Ili and CCP governments, leaving central government sphere in northwest. (End controlled American source report.)

Embassy comment: Government officials very conscious how few cards they hold vis-à-vis Chinese Communists and in consequence every bit territory and power they do hold becomes commodity which they hope trade for advantages. Strategy developing regional regimes interestingly complemented by Communist development sectional governments within their sphere.

Sent Canton 61, repeated Department 389, Moscow, Kabul, New Delhi.

STUART

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761.932/2-149 : Telegram

*The Secretary of State to the Ambassador in China (Stuart)*

WASHINGTON, February 15, 1949—4 p. m.

215. Report any available info re alleged concession mineral rights to USSR in NW China or Sinkiang envisaged in prospective Sino-Russian Commerical Agreement (urtel 372 Feb 11,<sup>16</sup> 338 Feb 8 and 283 Feb 1). Precise info needed as to nature of rights, territorial extent, duration, whether exploration and exploitation to be by Russian or joint Sino-Russ Co organized under Chinese law. Dept needs info to evaluate effect US rights under 1946 treaty.<sup>17</sup>

ACHESON

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<sup>13</sup> Governor of Tsinghai (Chinghai).

<sup>14</sup> Marshal Li Tsung-jen.

<sup>15</sup> Sun Fo, President of the Chinese Executive Yuan.

<sup>16</sup> Not printed.

<sup>17</sup> Treaty of friendship, commerce, and navigation signed at Nanking, November 4, 1946, Department of State, Treaties and Other International Acts Series No. 1871, or 63 Stat. (pt. 2) 1299.



661.9331/2-1649 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*

CANTON, February 16, 1949—1 p. m.  
[Received February 16—4:56 a. m.]

[Cantel] 50. Chen Tai-chu, director American section Foreign Office, gives me following on Sino-Soviet commercial agreement negotiations, Deptel 215, February 15 to Nanking, repeated American Embassy Canton 10. At time Soviet withdrawal Manchuria, they approached Chinese re negotiation Sino-Soviet commercial agreement which would deal mostly with trade between northwest provinces and Soviet Union. Negotiations that time broke down over question war booty and matter lay dormant until just prior move Government Canton when Soviets reopened issue. Chen surprised Soviet move this time yet authorized Chang Chih-chung explore possibility in northwest. Chen insists matter is still in exploratory stage and has promised keep me informed. I expressed hope he would bear in mind China obligations under our 1946 treaty when negotiating with Soviets.

Chen avoided my specific questions re mineral rights, contenting himself with saying treaty, as envisaged, would deal mostly with trade. I assume therefore that mineral rights are involved.

Sent Department 50, repeated Nanking 50.

CLARK.

893.00/2-1649 : Telegram

*The Consul at Tihwa (Paxton) to the Secretary of State*

TIHWA, February 16, 1949—6 p. m.  
[Received February 18—2:46 p. m.]

33. Following grist collected yesterday from several sources and cross-checked seems consistent though not officially confirmed: Burhan returned 12th leaving Garrison Commander Tao and army supply chief Hao in Lanchow. No publicity given to Hao's presence at conference. Burhan took no part in general chairmen's conference; only discussing with General Chang Chih-chung Sinkiang affairs, principally new currency plan.

This is to include new paper and copper currency issue, backed by 300,000 ounces of silver reserve, pegged at 4 to 1 with US dollar and supported by USSR under trade pact terms now being discussed here.

corroborating that no binding agreement yet signed even by General Chang, reference our A-2 to Embassy February 11.<sup>18</sup>

Over 100,000 Provisional [*Provincial?*] troops to be maintained by goods imported (Kansu supply being inadequate) from Central China via Chungking-Lanchow road for barter exchange. This would entail army monopoly of imports from China and probably currency exchange blockade rendering local money completely independent of National currency.

USSR hopes Sino-Soviet airline to be extended to Lanchow without competing service in Sinkiang. Soviet advisers to assist in development mineral and other economic resources.

Russia to seek no specific political concessions from Sinkiang if province not used as attack base and trade Sinkiang raw materials for Soviet manufactured goods continues beneficial. Although nothing yet heard from dissident zones, they are expected rejoin Provisional [*Provincial?*] Government after trade pacts signature without any open Soviet direction though obviously Russian influences still predominant these areas through 4 years full control, indoctrination and selection of officials as well as secret police cadre.

Although General Chang Chih-chung still in overall charge four northwest provinces, Tungkan's, [of?] Sinkiansu [*Sinkiang, Kansu*], Ninghsia and Tsinghai implacably anti-CCP but could perhaps accept limited cooperation with Russians. Latter might prefer keep northwest out of Chinese Communist control. Chang probably could arrange for CP not to cut Chungking road but in any case Tsinghai would long continue economically self-sufficient and in time Ma Pufang might improve relations with Tibet enough for transit essentials from India. General Ma Chen-hsiang of Fifth Cavalry Army with anti-Communist Kazaks eager join Muslim forces in east but Chinese wish them remain to control natives and also perhaps counter Soviet influence.

Russians reluctant offend American and British Governments by precipitate action and likely proceed cautiously with political control area pending outcome China struggle. They feel time working for them and if border cooperation secured can afford delay.

CCP attack now proceeding in eastern Kansu.

Foregoing collected from five separate contacts significant despite strange currency plans. Other items quoted as received without comment or interpretation.

\*Repeated OffEmb Canton 4, Shanghai 49, Nanking 37, Chungking 10.

PAXTON

<sup>18</sup> Not found in Department of State files.

893.00/2-2049 : Telegram

*The Consul at Tihwa (Paxton) to the Secretary of State*

TIHWA, February 20, 1949—7 p. m.  
[Received February 22—4:47 a. m.]

36. Foreign Affairs Delegate Liu today gave following further information regarding matters discussed outrel to Department 33, February 16:

Soviet representatives at Alma Ata talks last summer did in fact suggest extension of Sino-Soviet line to Lanchow but Liu neatly countered by proposing go right through to Central China. Russians heartily welcomed idea until Liu mentioned that, of course, it would require reciprocal Chinese airline to Moscow. This they rejected as impossible so subject lapsed on Soviet refusal.

At same meeting Liu obtained Soviet consent to many appointments of Chinese personnel including copilots (but not pilots) and air field superintendent. However, Communications Ministry has not yet assigned qualified personnel.

Chinese refused renegotiation at Moscow and Russia unwilling have it at Nanking; so in January after 2 months' delay Liu finally instructed by Foreign Office to discuss matter in Tihwa this month and now only awaits Soviet reply. He expects renewal airline agreement if USSR accepts Chinese minimum terms of which, of course, I could hardly press him for details.

Regarding trade pact, Liu promised information when agreement reached. He expected very simple written terms with details covered by oral understandings. Secretary General Liu,<sup>19</sup> Vice Chairman Mohammed Imin and he have been busy conferring with Soviet representatives here for past week and anticipate further delay before full agreement reached. He positively declares nothing yet signed.

No change in currency can be effective in less than 2 months but divorce of provincial money from gold yuan now being planned with probability that if Sinkiang gold and silver, deposited in Nanking several years ago as backing for local currency at one to five rate with CNC<sup>20</sup> can be retrieved (Liu claimed ignorance its present whereabouts) effort will be made to issue new currency for area, perhaps including all four NW Provinces, possibly partly silver and copper coins. Although Tsinghai rich, it will not easily part with its wealth and still maintains strict embargo on exports of silver coinage while Ninghsia and Kansu poor.

<sup>19</sup> Liu Meng-chuen.

<sup>20</sup> Chinese national currency.

Liu confirmed in general previous reports regarding amalgamation of dissident zones.

To protect my previous source, I did not discuss movements of troops or schemes for their payment.

Sent Department; repeated Nanking 40, Canton 5, Shanghai 54, Chungking 11.

PAXTON

761.932/2-2349 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, February 23, 1949—5 p. m.

[Received February 24—2: 12 p. m.]

453. ReDeptel 215, of February 15. Sinkiang Governor Burhan announced through Central News Agency February 17 that Province seeking betterment relations with Soviet through resumption trade under terms agreement now under negotiation and will also issue local silver currency.

Original November 1944 draft Sino-Soviet economic cooperation pact Sinkiang, under intermittent discussion past 4 years, reliably reported [to] include provision for:

(1) Sino-Soviet cooperation developing all known mineral resources Sinkiang;

(2) Freedom trade between Sinkiang merchants and Soviet without Chinese Government intervention; Soviet trade representatives to act as sole Soviet agents commercial matters.

(3) Special barter agreement between Sinkiang and Soviet Governments under which indicated amounts specific commodities exchanged in season by two governments.

(4) Freedom Soviet truck caravans traverse Sinkiang for purposes trade free from customs duties, search, (approximately 50 characters garbled) stations connection therewith.

Foreign Office in late 1946 so vehemently condemned unprecedented terms proposed pact in light anticipated agreements other foreign powers that Chang Chih-chung prevailed upon hold conclusion in abeyance. Discouraging outlook Nationalist cause summer 1948 and Chang's pressure for pact to prevent Sinkiang revolts caused renewal Chinese interest such pact and Soviets found favorably inclined. Draft along above lines by Nationalists offered Soviet Consul [at] Tihwa, October 1948; January 6 Soviet Consulate General, Tihwa, reportedly agreed in principle signature such accord.

What Chang considered bright outlook his own participation negotiated peace excited his long-time wish for conclusion Sinkiang pact to provide international agreement entered into by Nationalists to

which CCP could not vehemently object without compromising CCP position vis-à-vis Soviets and which could be balanced off against other international commitments, namely Sino-American Commercial Treaty. Recent disintegration Chang's prominence as possible peace delegate accompanied by personal loss enthusiasm favoring immediate conclusion pact, but he, nevertheless, deputized Foreign Commissioner Liu Tse-jung, Secretary General Liu Meng-chuen, and Vice Governor Mohammed Imin negotiate remaining technical details in draft. Channels for conclusion pact additionally lubricated by appointment Burhan [as] Governor who reportedly has facilitated secret trade treaties for four ex-Governors [of] Sinkiang.

Essential distinguish legal phraseology any agreement concluded and actual Soviet economic activities under guise such pact. Chang seems largely discard objections regarding international complications such agreement and to emphasize need via pact maintain minimum Chinese interest and control Sinkiang by meeting economic demands its most diverse people and mollifying Soviet. He apparently would retain at any price China's legal sovereignty Sinkiang which he thinks threatened. Foreign Office may be counted on oppose agreement which *de jure* concedes too much, but in Government's present position would probably be forced blind [*blink?*] at penetrating *de facto* monopolistic activities by Soviets. Understand Soviets now in North Sinkiang mining regions of separatist areas Altai, Ili "co-operating" with Chinese in joint companies wherein Chinese figure-heads dominated by Soviet chief engineers.

While term "cooperation on equal basis" or its equivalent may appear text pact, in reality conclusion will mean legal cover for Soviet mining trade monopolies. Furthermore, agreement could be signal for extension revised air agreement along lines old Hami-[Alma]Ata agreement recently denounced by Chinese and which was in effect Soviet monopoly.

One deterrent Soviet side may be reluctance chance estrangement Soviet-CCP relations and surely Soviet will sound out CCP leaders prior signing or else write terms so deftly as not compromise CCP domestic and international position.

In summary, according to Embassy's best information, contents draft treaty disturbing (even though it might merely serve to regularize *de facto* position) and if under active negotiations but not yet signed. Ambassador plans discuss subject with both Chang Chih-chung and Li Tsung-jen on their return to Nanking and Embassy will keep Department informed.

Sent Department 453; repeated Canton 97, Tihwa 20, Moscow 17.

STUART

661.9331/2-2549 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, February 25, 1949—5 p. m.

[Received February 25—9:01 a. m.]

468. Chang Chih-chung informs us trade pact may be concluded week or 10 days (Tihwa's 36, February 22 [20], repeated Nanking 40). In view possible inclusion provisions detrimental US interests, Department may wish to instruct Tihwa direct endeavor obtain fullest details possible prior conclusion and to make such representations to Liu as Department may consider pertinent (see Embtel 453, February 23) on basis Sino-American Treaty Commerce [and] Friendship. Embassy has in mind particularly article 5 referring to exploitation mineral resources but there may be other pertinent provisions which will occur to Department.

Sent Department 468, repeated Canton 103.

STUART

661.9331/2-2549

*Memorandum by the Director of the Office of Far Eastern Affairs (Butterworth) to the Secretary of State and the Under Secretary of State (Webb)*

[WASHINGTON,] February 25, 1949.

Persistent reports have been received from our offices in China elaborating on the announced intention of the Chinese Government to negotiate a trade agreement with the Soviets over Sinkiang Province (in Northwest China). [Here follows information contained in telegrams from the Ambassador in China, Nos. 337, February 8, 10 a. m., page 1037, and 389, February 15, 9 a. m., page 1039, and from the Consul at Tihwa, No. 36, February 20, 7 p. m., page 1043.]

It would appear that while there would be certain temporary benefits to the National Government from the conclusion of a Sino-Soviet trade agreement over Sinkiang (although the long-term, Trojan horse aspects of such an agreement can hardly be overlooked), little advantage would accrue to the Chinese Communists. The reported haste of the Soviets in pressing for an agreement at this time would seem to indicate that they are anxious to legalize and fortify their status in Sinkiang while there is still a National Government with which to deal and, conversely, that they may wish to secure these special interests from a National Government which is fast dwindling in power and prestige rather than to risk waiting to deal with a Chinese Communist regime which is just beginning to flex its international muscles and in whose complete subservience the Kremlin may not have full confidence.

It may also be that Russia is being motivated in her actions by her traditional apprehension of a strong, united China to her south and is therefore not averse to bolstering the National Government (while at the same time securing additional concessions for herself) just at the time when the Communists appear to have the military capability of destroying the National Government on the Chinese mainland. Even if the Chinese Communists have been fully apprised of Soviet intentions in Sinkiang and have been cajoled or forced into acquiescing to the present negotiations, the action of the Soviets in negotiating at this time a long-term agreement with the National Government involving special rights to the USSR would seem to indicate something less than comradely trust between the Chinese Communists and Moscow.

W. W[ALTON] B[UTTERWORTH]

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661.9331/2-2549 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*

CANTON, February 25, 1949—5 p. m.

[Received February 26—3:40 a. m.]

[Cantel] 81. Director American section Foreign Office, who seems familiar whole problem Sino-Soviet trade negotiations, insists that only very preliminary discussions have taken place and that nothing can be consummated without Foreign Office approval (Nanking's 97, February 23, repeated Department 453, Tihwa 20, Moscow 17). In answer to his inquiries as to our interest, I said we wanted to protect rights under our treaty and we hoped they would not suffer, among other things, through formation of Sino-Soviet companies which would in reality be Soviet, as has been the air line. He again promised to keep me informed of developments, my [Cantel] 50, February 16, repeated Nanking 50.

Sent Department, repeated Nanking 78, Tihwa 1, Moscow 1.

CLARK

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661.9331/2-2749 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*

CANTON, February 27, 1949—noon.

[Received—8:17 p. m.]

[Cantel] 85. Sun Fo insists initiative Sino-Soviet trade talks was taken by Soviets. Although negotiations are being carried on by Liu in Tihwa under direction Chang Chih-chung, no commitments can be



made, Sun said, without Foreign Office approval. (See Cantel 81, February 25, Nanking 78, Tihwa 1, Moscow 1.)

Soviets are seeking a return to the barter arrangements which existed under Hsiung Hsih-hui<sup>21</sup> which permitted normal two-way trade across border. Under new arrangements Soviet monopolies would be dealing with individual merchants on Chinese side. At that time Soviets had already drilled and found oil, but had later capped wells as no market available. They are seeking now, Sun said, a revival of not only the right to drill for oil, but also to prospect for and exploit "colored and scarce minerals".

Soviet discussions did not, he said, envisage joint Sino-Soviet companies for exploitation mineral resources northwest but rather separate Soviet and Chinese corporations which would cooperate with each other in such exploitation. Sun said Chinese interested significance Soviet desire for separate companies and are inquiring further.

Sent Department 85; repeated Nanking 82, Tihwa 2, Moscow 2.

CLARK

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661.9331/3-149 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, March 1, 1949—10 a. m.

[Received March 1—4:40 a. m.]

494. Re Embtels 453, repeated AmEmb Canton 97, February 23 and 468, repeated AmEmb Canton 103, February 25. President Li has made following points for Ambassador's information: Sinkiang pact by no means concluded. Under pact Soviets would promise finance supply technical assistance mining tungsten, oil, other minerals. Two countries would divide various enterprises so that when Chinese chairman of board, Russian would be manager and vice versa. Li's opinion presently that treaty relations with USSR re Sinkiang are preferable to uncontrolled exploitation.

Latter opinion jibes with that held by Chang Chih-chung (Embtel 453) and reinforces our impression that Soviets will control mining companies in view very weak technical and managerial representation Chinese interests Sinkiang, a condition reflected in past effective control Hami-Ata airline by Soviets. Li's remarks seem to give lie to Chang's denials to press that pact would include any significant provisions re mineral exploitation. Chang seems continue publicly to minimize international implications of agreement and slough off US fears as merely misunderstanding of Sinkiang politics.

Sent Department, repeated AmEmb Canton 121.

STUART

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<sup>21</sup> Probably Sheng Shih-tsai, former Governor of Sinkiang.

661.9331/3-149 : Telegram

*The Consul at Tihwa (Paxton) to the Secretary of State*

TIHWA, March 1, 1949—3 p. m.  
[Received March 3—10:58 p. m.]

48. Rumored General Chang has blanket authority approve trade pact without further reference Central Government. If agreement found embarrassing, Central Government might consider special status northwest provinces. From here this seems possible direction events.

Local gossip that trade to be with Chinese Government monopoly not individual merchants rendered plausible by probable reluctance local officials sacrifice rich revenues obtainable through handling, reference Cantel to Department 85, February 27.

March 1 Aisabek<sup>22</sup> in strict confidence claimed draft treaty not yet agreed on includes freedom Soviet trucks from any examination as well as permissive trade with Sinkiang merchants despite loss official revenue and chance for graft.

Proposed duration trade pact 20 or 50 years but he felt even shorter time would permit Soviet absorption area before expiry.

Autonomy party now includes: Turkis-Mesud, Mohammed Imin, Aisabek and Yolbars of Hami; Kazaks—Osman, Kalibek, Tatawan and Jaminkhan (last named has reconciled differences with other Kazaks but he and Tatawan considered weaker than rest); and small group younger Turkis of less experience but much promise. They expect General Ma Chen-hsiang's entire fifth division cavalry army to remain Sinkiang and give them support based on backing of his uncles, chairmen Tsinghai and Ninghsia. Reduction man [*Ma's?*] troops probable but not their complete evacuation (conference all Sinkiang brigade commanders now in session Tihwa and hope for data shortly). If necessary Ma Chen-hsiang plans set up fastness near Qotien<sup>23</sup> for all anti-Soviet elements Sinkiang.

Aisabek implores American aid block trade accord which would hand over Sinkiang as chattel to USSR against bitter opposition natives. He believes pact will have *pro forma* approval of Central Government as General Chang, though apparently empowered act independently, intends submit it.

March 2 Foreign Affairs delegate Liu gave following replies my questions: Chinese definitely made first approach on trade pact (see also Ward's<sup>24</sup> despatch to Department 50, November 10, 1946<sup>25</sup>).

<sup>22</sup> Former Secretary General of Sinkiang Provincial Government.

<sup>23</sup> Possibly Hotien (Khotan).

<sup>24</sup> Robert S. Ward, Consul at Tihwa, 1944-47.

<sup>25</sup> Not printed.

On Sheng's expulsion of Russian advisors, China bought equipment, Wusu oil wells from Soviet Union (apparently still producing in April 1947 when we passed and not yet reported capped. Sinkiang constant market for petroleum products as nearest refinery under Chinese control Sewe [some?] 700 miles east Tihwa at Yumen in Kansu).

Present plans are for commercial transactions between Soviet organization and larger Chinese firms as well as provincial trading organization. Liu rejected as absurd suggestion that customs inspections on trucks entering Sinkiang might be waived, stating with heat that area was still Chinese and as Central Government official he would not be party thus signing away national rights. As for diversion customs revenue to provincial use, he implied possibility by asserting domestic matters included Sino-Soviet discussions.

He said question mineral exploitation or reconstruction cooperative companies, either separate or joint Sino-Soviet, not yet considered and would not arise until trade agreement settled which could not be very soon as draft must be referred to Central Government for approval which would probably take some weeks at least. He has also, however, previously averred go [no?]. discussions re Sino-Soviet air line re negotiations would occur for sometime but Sinkiang news agency March 1 reports Soviet delegation of six under Avseevich, Vice Chief Civil Air Affairs, arrived here February 28, to draft new air line pact.

Liu regretted inability reveal more details current talks but stated he had received two warnings from Foreign Office to hold them in strict confidence (perhaps particularly from US). However, even his guarded comments appear illuminating.

Sent Department; repeated Nanking 49, OffEmb Canton 11.

PAXTON

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661.9331/3-249: Telegram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*

CANTON, March 2, 1949—9 a. m.

[Received March 2—4: 45 a. m.]

Cantel 91. Chen Tai-chu, director American section FonOff, sent for me re Sino-Soviet trade talks. He confirmed what Dr. Sun Fo had told me re barter and mineral exploitation, my [Cantel] 81, February 25, repeated Nanking 78, Tihwa 1, Moscow 1, but said Dr. Sun was mistaken regarding separate Soviet and Chinese corporations.

He began by stressing that negotiations were being carried on by China in respect of region Ili, Tacheng and Anshan, where Soviets were already largely in control and where Chinese could not afford to be too firm without prejudicing their sovereignty. Although he would

not elaborate, he thought implications Soviet approach trade negotiations those areas this time most interesting. He confirmed that Chinese took initiative in earlier negotiations but insists initiative these negotiations, which began February this year, had been Soviet. Chinese were reluctant agree that under barter arrangements Soviet monopolies would deal with individual traders on China side and were planning creation special corporation or corporations to deal with Soviet monopolies. This may have been, he said, what Dr. Sun had in mind when he spoke of separate corporation. Also, Soviets desire that barter encompass everything and Chinese desire name specific commodities. Exploitation of mineral resources in area had, under old arrangements, been under joint Sino-Soviet companies and, in fact, he understood exploitation in some form is taking place now. Chinese would hope that Sino-Soviet corporation would be on 50-50 basis and that it will be possible Chinese participation would be more effective than hitherto. Here also Chinese hoped to specify minerals to be exploited rather than agree to broad terminology suggested by Soviets. Once again he reminded me, however, that China is not in strong position to argue.

In answer to his inquiry, I told him our main interest was to assure our rights under our 1948 [1946] treaty.

Sent Dept repeated Nanking 85, Tihwa 3 and Moscow 3.

CLARK

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661.9331/3-149 : Telegram

*The Secretary of State to the Ambassador in China (Stuart)*<sup>26</sup>

WASHINGTON, March 2, 1949—6 p. m.

283. On basis info available re Sino-Sov trade past (urtels 468 Feb 25, 494 Mar 1, and Deptel 215 Feb 15) Dept unable determine effect on US rights 1946 treaty. Hence you shld not in conversations with Chinese take categorical position. For your info treaty in such cases in general provides for mfn<sup>27</sup> rights, and at most US old reserve right to claim on behalf US natls right under treaty to same or similar rights conceded to Sovs; shld mineral concessions to Sovs be exclusive and for long period this might indicate Chinese wld be unable accord US Natls treatment to which entitled by treaty with respect to mineral resources that area and thus might in sense be infringement treaty. See Arts IV, V, and XX of 1946 treaty. You shld not state this to Chinese unless further instructed but shld merely indicate in response queries our interest in Sino-Sov agreement that since our treaty pro-

<sup>26</sup> Repeated to the Minister-Counselor of Embassy at Canton as telCan No. 37 and to the Consul at Tihwa as No. 23.

<sup>27</sup> Most-favored-nation.

vides mfn treatment we are of course interested in concessions to third parties (Canton pls note).

Arts 1946 treaty most likely be affected by other provisions Sino-Sov Agreement are Arts III, X and XVI.

Tihwa pls report full details final provisions agreement, especially those relating customs treatment Sov trade with Sinkiang and question mineral rights.

ACHESON

761.9327/3-849: Telegram

*The Consul at Tihwa (Paxton) to the Secretary of State*

TIHWA, March 8, 1949—6 p. m.  
[Received March 9—9:49 a. m.]

56. Have approached several contacts on matter Sino-Soviet airline re negotiations [(reference penultimate paragraph our telegram to Department 49, March 3,<sup>28</sup> and Nanking telegram to Department 516, March 4<sup>29</sup>) including subordinate of Foreign Affairs delegate Liu and gleaned following: Liu's assistant confirmed arrival 5 not 6 Soviet delegates and said Liu and Chinese manager airline office appointed Chinese delegates and that 2 or 3 other Central Government representatives were to come soon perhaps by plane due 11th.

Another informant again mentioned Soviet request for extension line to Lanchow. If granted USSR would thus control line of strategic airfields (in Horgos, Ili, Tihwa, Hami and Kansu panhandle to Lanchow including several emergency fields) pointing well into China which could be used both for air transport and to hold roads along route.

Liu's subordinates stated 1 or 2 weeks' delay now probable before conclusion trade pact, much sooner than previously reported. Each section is being separately telegraphed to both governments for approval. Current [text?] might accordingly be available at Canton. Apparently agreement in principle already reached on trade pact, at least locally, and now mere haggling over phraseology. Chinese here appear unlikely accept any dubious clauses without recognition of possible implications.

Liu's man further said mining rights now being discussed (which Liu had denied), adding that China could save few of these in three dissident zones as Russia was never interested in negotiations except for special privileges but China now had no choice particularly in Sinkiang [in] view current weakness.

<sup>28</sup> Not found in Department of State files.

<sup>29</sup> *Ante*, p. 744.

He mentioned in passing other Sino-Soviet economic cooperative plans as also under consideration. I did not follow this up at time in order not to disturb him, but merely asked he pass to Liu as my suggestion that data might come through him to quiet Soviet suspicions of Liu's talking too much to me (constantly assumed this spy-ridden place all contacts known to Russians) which he promised to do and felt response might be favorable. This assumption that Liu favorably disposed thus to give me information he could not otherwise provide may be without factual foundation but might work.

Sent Department, repeated Nanking 55, Embassy Canton 16.

PAXTON

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761.9327/3-1449 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the  
Secretary of State*

CANTON, March 14, 1949—2 p. m.  
[Received March 14—5:10 a. m.]

Cantel 136. FonOff confirms arrival Tihwa Soviet air experts to negotiate extension Sino-Soviet air agreement. Director American Department says Minister Communications will conduct the negotiations with Commissioner Foreign Affairs, Tihwa, Liu, present. Chen indicated Chinese seek greater participation operation, but was not informed re monopolistic provisions. Shall inquire Minister Communications this regard.

Sent Department; repeated Nanking 115, Shanghai 82.

CLARK

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661.9331/4-1549 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the  
Secretary of State*

CANTON, April 15, 1949—noon.  
[Received April 16—1:44 a. m.]

Cantel 219. George Yeh says he accepted position Acting Foreign Minister only after assurances from Li Tsung-jen and Ho Ying-chin<sup>30</sup> that effort Chang Chih-chung to speed up negotiations Sino-Soviet trade pact be resisted and no further action taken thereon so long as he was Acting Foreign Minister. Yeh said Chang Chih-chung was proposing accord Soviets mineral rights in contravention Chinese law and interests and under condition which in view China's treaty

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<sup>30</sup> General Ho succeeded Sun Fo as President of the Chinese Executive Yuan in March, 1949.

obligations might prove embarrassing. Accordingly, Sino-Soviet trade negotiations had stopped for time being.

Sent Department, repeated Nanking 193, Shanghai 141.

CLARK

761.9327/4-1949: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, April 19, 1949—2 p. m.

[Received April 19—5: 54 a. m.]

791. April 15, L. K. Shaw (Hsiao Li-kwun), Chief of section, Chinese CAA,<sup>31</sup> in friendly call on Embassy officer asked for letter introduction American Consul, Tihwa. Shaw proceeding Tihwa as single Ministry Commerce representative Sino-Soviet airline talks. He said another representative was to accompany him but Ministry decided single delegate sufficient. Shaw said reports 25-year pact planned erroneous but Soviets do seek 20-year term. He thinks agreement will be reached; expects remain Tihwa 6 to 8 weeks.

Requested letter introduction to Paxton given Shaw, who insisted letter include no reference his mission because he merely hoped seek relaxation in social intercourse at Consulate. In past, Shaw not too hesitant reveal certain details other negotiations by Chinese especially Chinese position, and should he present letter Consul probably can learn progress negotiations. Speaks English well, visited US twice, once very recently and attended international aviation meetings Geneva.

Re Shanghai's 1097 to Department,<sup>32</sup> repeated Nanking 641, Cantel 237, Tihwa 80. Shaw claimed proposal Soviet planes fly Shanghai return for grant reciprocal permission Chinese planes fly London via Soviet his own idea to provide useful service for Convairs purchased by CATC.<sup>33</sup> He agreed limited demand Shanghai-Moscow, but thought Shanghai-London via Soviet would meet sizable paying demand. He said idea dropped for present but probable effective use Convairs remains.

Sent Tihwa 34; repeated Department 791, Shanghai 393, Embassy Canton 265.

STUART

<sup>31</sup> Civil Aeronautics Administration.

<sup>32</sup> Not printed.

<sup>33</sup> Central Air Transport Corporation.



761.9327/5-1649: Telegram

*The Ambassador in China (Stuart) to the Secretary of State*

NANKING, May 16, 1949—2 p. m.

[Received May 16—7:09 a. m.]

1035. Shanghai radio reported May 11 Sino-Soviet Hami-Ata air agreement renewed for 5 years, but Tihwa's 115 to Department, repeated Embassy Canton 40, May 9 [5]<sup>34</sup> indicates draft still not approved. Suggest appropriate inquiry by Embassy Canton as to status this and economic cooperation pact with Soviets.

Conclusion either [or] both such pacts would seem good opportunity for public discussion, and inquiry—through Department or other information channels—whether CCP intends comment such pacts with USSR along lines criticism Nationalist Government agreements with US and others. Does CCP evaluate these new pacts with USSR as another concession by Kmt “running dogs of imperialism”? Simultaneous widespread broadcast terms of pact, if available, perhaps comparing them with terms Sino-US agreements related fields, also believed worth Department's consideration.

Sent Department, repeated OffEmb Canton 423, Tihwa 38.

STUART

761.9327/5-1849: Telegram

*The Consul at Tihwa (Paxton) to the Secretary of State*

TIHWA, May 18, 1949—2 p. m.

[Received May 19—12:21 p. m.]

127. Lou, Assistant to Foreign Affairs delegate, declares positively he has been present at all meetings discussing air pact and it has not yet been signed pending Moscow's approval 5-year renewal same terms (reEmbtel to Department 1035, May 16, and third paragraph ourtel to Department 115, May 5<sup>35</sup>). Since proposed by Chinese Government Soviet approval alone needed. However, Lou hinted intimate connection between status air and economic pacts (originally General Chang's idea) and Chang's continued stay Peiping.

Tao has returned from Lanchow (reourtel to Department 121, May 11<sup>34</sup>).

<sup>34</sup> Not printed.<sup>35</sup> Latter not printed.

Department please pass ourtel to Department 115, May 5 to Shanghai as Tihwa's unnumbered.

Repeated OffEmb Canton 46, Nanking 94, Shanghai 114.

PAXTON

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761.9327/5-2349 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*

CANTON, May 23, 1949—6 p. m.

[Received May 23—10:16 a. m.]

Cantel 452. After inquiry many quarters including Minister Commerce, I gather following is story re Sino-Soviet air pact renewal: Chang Chih-chung was authorized negotiate Soviets. Confronted with strong Soviet insistence for mere renewal pact 5 years, he agreed. Foreign Office objected, with result Soviet Ambassador<sup>87</sup> inquired whether Chang Chih-chung was or was not authorized speak for Chinese Government. At Cabinet meeting it was decided Chang had been authorized and Government must approve his action. Confronted Soviet insistence there was little else to do. Foreign Office specialists on re-study pact have decided only monopolistic feature is traffic Hami-Alma-Ata and that Chinese Government is free negotiate similar air services any one country including US on any other routes northwest. It is anticipated pact will be extended this week unchanged for 5 years.

Sent Department Cantel 452, repeated Nanking 315, Shanghai 268, Tihwa 8.

CLARK

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761.9327/5-2749 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*

CANTON, May 27, 1948—8 a. m.

[Received May 27—5:28 a. m.]

Cantel 483. Foreign Office confirmed today renewal Sino-Soviet air pact unchanged for 5 years, Cantel 452, May 23, repeated Nanking 315, Shanghai 268.

Sent Department Cantel 483, repeated Nanking 331, Shanghai 286.

CLARK

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<sup>87</sup> N. V. Roschin.

761.9327/5-3049 : Telegram

*The Consul at Tihwa (Paxton) to the Secretary of State*TIHWA, May 30, 1949—7 p. m.  
[Received May 31—12:57 p. m.]

139. Lou states Sino-Soviet air pact renewal for 5 years unchanged, as anticipated ourtel 127, May 18 and Cantel 452, May 23, both to Department, to be signed tomorrow. As Soviet approval other agreements dependent apparently only on this, their signature also expected shortly, Chinese National Government approval having either been already obtained or perhaps deemed no longer essential.

Preparations for trade seem complete. No further details re terms of other pacts, present attitude of Ili dissidents or prospects their return to provincial government yet available.

Sent Department 139, repeated Canton 56, Nanking 100, Shanghai 116.

PAXTON

501.AJ Treaties/6-349 : Telegram

*The Ambassador in China (Stuart) to the Secretary of State*NANKING, June 3, 1949—noon.  
[Received 11:31 p. m.]

1183. Re Tihwa's 139 to Department. Assume Chinese Government expects register with United Nations terms any and all agreements concluded over Sinkiang.

Sent OffEmb Canton 486; repeated Department 1183, Tihwa 39.

STUART

661.9331/6-2249 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*CANTON, June 22, 1949—11 a. m.  
[Received June 22—6:21 a. m.]

Cantel 630. Inquiry FonOff reveals Sino-Soviet trade discussions remain standstill, Cantel 219, April 15; repeated Nanking 193, Shanghai 141.

Sent Department, repeated Nanking 421, Shanghai 361.

CLARK

693.0031/7-849 : Telegram

*The Consul at Tihwa (Paxton) to the Secretary of State*

TIHWA, July 8, 1949—2 p. m.

[Received July 10—10:52 p. m.]

181. Nephew of Ma Pu-fang, Lt. General Ma Cheng-hsiang, 36-year-old Tungkan commanding Fifth Cavalry Army, says conclusion Sinkiang-Soviet trade and related pacts now impossible. He states anti-Communist plans for economy of province could replace Russian proposals if essential commercial supplies were delivered Lanchow for transportation here by trucks on hand.

He stresses cheapness of investment required to safeguard provincial economy and thus help prevent Soviet expansion to borders of China proper at Kansu. He avers anti-Communists nowhere more determined than this region; vouches for no Tungkan defections here; and voices opinion few Han gen[eral]s in Sinkiang pro-Communist though most more timid and less forthright than Tungkan military. Ma states that American specialists will eventually be welcome for development area's resources but fears if they should come now this open frustration of Soviet hopes might result in early armed attack from Ili or Outer Mongolia with Red Army support beyond present power of provincial forces to resist.

Consulate would appreciate information whether responsible American is now Lanchow for liaison with Ma Pu-fang who could assist in correlation and expedition most needed supplies for Sinkiang. If not, appointment such person might be most helpful.

Sent Department, repeated Nanking 112, OffEmb Canton 72, Chungking 31.

PAXTON

661.9331/8-849 : Airgram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*

CANTON, August 8, 1949.

[Received August 24—5:11 p. m.]

A-43. Subject: Recent developments in Sinkiang, China.

Successful conclusion of Sino-Soviet negotiations in Tihwa for the resumption of trade and economic cooperation in Sinkiang Province and preparations for the possible withdrawal of part of the Nationalist troops from that Province were reported by the Chinese Maritime Customs' representative in Tihwa, Mr. Hsiung Ta-lun, to the Inspector-

General of the Chinese Maritime Customs, Mr. L. K. Little, in a series of confidential letters from July 15 to July 25, 1949. The gist of Mr. Hsiung's statements is given in the following paragraphs:

Negotiations for trade resumption and economic cooperation between Sinkiang and Russia progressed so well that by the end of June, 1949, draft agreements on those two matters were almost completed. At this time, however, the Chinese delegates were telegraphically instructed by Central Government at Canton to suspend all discussions pending the receipt of new instructions.

According to a reliable source, the new instructions directed the renewal of talks on the resumption of trade but ordered that negotiations for economic cooperation (dealing mainly with the opening of mines) should be left in abeyance until the Central authorities had made certain basic policy decisions.

Discussions on a trade pact were accordingly resumed and about July 20, 1949, a draft trade agreement was completed for submission to the two Governments. The Soviet representatives announced that, although they had agreed to the draft of the trade pact, they would not sign this agreement until the issues under dispute concerning the opening of mines were settled and unless an agreement for economic cooperation was simultaneously signed.

Later, however, the Soviet delegates abruptly announced their willingness to accede to the conditions insisted upon by the Chinese delegation and requested immediate resumption of negotiations. In view of the Soviets' concessions, the talks were resumed and a draft agreement on economic cooperation was smoothly completed. The draft agreements on trade resumption and economic cooperation have been forwarded to the respective governments for approval but the Soviet delegates still hold to their declaration that both agreements must be signed at the same time. Further action on these matters will, in any case, be taken in Canton and Moscow—not in Tihwa.

The preceding account of these negotiations is, of course, in direct contradiction to the statement of Mr. George Yeh, Acting Foreign Minister, that he accepted this post only after receiving assurances from General Li Tsung-jen and General Ho Ying-ch'in that General Chang Chih-chung's attempt to hasten Sino-Soviet trade negotiations in Sinkiang would be resisted and that no further action would be taken thereon during Mr. Yeh's tenure of office. (Cantel 219, April 15, 1949.)

Moreover, the Foreign Office has consistently denied on several later occasions that these negotiations had been resumed. (Cantel 630, June 22, 1949.)

Rumors are again rampant in Tihwa that there will soon be local political and military changes and that some Nationalist troops are being withdrawn from Sinkiang.

Although the report of actual troop withdrawals is unconfirmed, it is reliably stated that preparations for the withdrawal of troops are being made by the military. Repairs to highways are being carried out by military and highway authorities, particular attention being given to the highways in southern Sinkiang: From Yu-t'ien to Lo-ch'iang thence to Tun-huang and An-hsi in Kansu Province. Arrangements are also being made to establish military supply stations at the above-mentioned places. This route, when properly repaired, may be used either for the withdrawal of Nationalist troops from southern Sinkiang to the interior or for the retreat of troops from Kansu to Sinkiang.

Insofar as the Ili "rebel" elements are concerned, no prospects are seen for their participation in the Sinkiang Provincial Government in the near future. On the basis of recent exchanges of correspondence between General Chang Chih-chung and the Ili authorities, the latter apparently still consider that the Central Government has been insincere in carrying out the terms of the peace agreement. Moreover, the appointment of Mr. Pao Ehr-han<sup>38</sup> as Governor of Sinkiang has not made them more conciliatory, despite their nomination of him for this office.

The heads of the Central Government Administrations in Tihwa meet once a week to discuss the general political and military situation in Sinkiang. Their consensus is that the Province's condition is most critical. While optimists at present regard steps for the removal of these administrations from Sinkiang as premature, pessimists believe that these agencies will be unable to withdraw when the situation deteriorates further and routes from Sinkiang to the interior of China are cut off.

CLARK

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693.0031/7-849 : Telegram

*The Secretary of State to the Consul at Tihwa (Paxton)*

WASHINGTON, August 10, 1949—8 p. m.

112. Re urtel 181, Jul 8. After inquiry Dept unable suggest any Amer at Lanchow suitable for work mentioned. However further consideration this question, including possible appointment outside

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<sup>38</sup> Also known as Burhan.

person, would need await clarification mil and communications situation, reportedly deteriorating, in that area.

ACHESON

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661.9331/8-2349 : Telegram

*The Minister-Counselor of Embassy in China (Clark) to the Secretary of State*

CANTON, August 23, 1949—5 p. m.  
[Received August 23—10:39 p. m.]

Cantel 1007. George Yeh, Acting Foreign Minister, confirms press reports that Chinese are suggesting Soviets' conclusion northwest border trade pact, but have refused this time conclude economic agreement which involves exploitation Chinese natural resources.

CLARK

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893.00 Sinkiang/8-3149 : Telegram

*The Vice Consul at Tihwa (Mackiernan) to the Secretary of State*

TIHWA, August 31, 1949—9 a. m.  
[Received September 1—12:28 p. m.]

242. Political summary August 13 to 30. Sinkiang. American Consulate Tihwa closed to public August 16. British Consul General says some provisional [*Provincial?*] government officials passing rumor that closure was at request Soviet authorities. Paxton says same story circulating Kashgar.

Route to India via Gilgit and to Afghanistan via Wakhan [*Wacha?*] closed about August 24 due banditry vicinity. Tash Qurgan and Leh route still open.

Most White Russians and many Chinese officials Tihwa trying leave Sinkiang either via Kashgar or Kansu, otherwise events latter province causing little stir here. Prices remain stable.

Chinese Air Force reducing staff here, first group left August 28. No other significant military activity.

Ex-Secretary General Aisabek now Hami en route Tihwa.

Kansu. Provisional [*Provincial?*] government established at Chang-yeh. Kansu corridor cities crowded with refugees, food scarce. On August 26 Lanchow fell to Chinese Communists' troops; latter reported at Yungteng August 29.

Ma Pu-fang and family reported going Taipei.

Sent Department 242, repeated OffEmb Canton 109, Nanking 128.

MACKIERNAN



893.00 Sinkiang/8-3149 : Telegram

*The Vice Consul at Tihwa (Mackiernan) to the Secretary of State*

TIHWA, August 31, 1949—10 a. m.  
[Received September 1—12:19 p. m.]

243. Following information from Foreign Affairs delegate Liu during conversation August 30.

Liu says situation Sinkiang very grave. He expects Ili troops take over Tihwa and other unoccupied portions Sinkiang as soon as formation new Chinese Communist Central Government (expected about September 8) is announced. He states takeover will be unopposed and thinks Tungkan troops under General Ma Cheng-hsiang and Han Yu-chen are planning early retreat to Tsinghai or India. He believes Chinese Communists will not cross Sinkiang-Kansu border, but will leave Sinkiang in hands of Ili group.

Re Chinese Communist Central Government, Liu believes USSR will extend recognition soon as government formed. He expects Madame Sun Yat-sen will play important part in new government.

View Liu's close contact with Soviets here and past record truthful dealings with American Consulate, his remarks may have some weight.

Sent Department 243; repeated OffEmb Canton 110, Nanking 129.

MACKIERNAN

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893.00 Sinkiang/9-2549 : Telegram

*The Vice Consul at Tihwa (Mackiernan) to the Secretary of State*

TIHWA, September 25, 1949—8 a. m.  
[Received September 26—8:40 a. m.]

277. Foreign Affairs delegate Liu officially informed at 5 p. m. today that the military, civil officials and the officials of the Provincial Government have today September 26 [25], severed all connection with the Chinese Central Government Canton and have accepted the authority of the Chinese Communist Government at Peiping. He further stated officially that all foreign residents in Sinkiang would be protected, as in the past, to the best of the Government's ability. Unofficially Liu stated belief that there would be no violence. He said question of when Chinese Communist troops would enter Sinkiang not yet settled.

Sent Department 277, Department pass Canton 115.

MACKIERNAN

893.00/10-2849 : Telegram

*The Chargé in India (Donovan) to the Secretary of State*

NEW DELHI, October 28, 1949.

[Received October 28—11:01 a. m.]

1317. Embtel 1273, October 22.<sup>39</sup> Delhi *Hindustan Times* October 28 under dateline Srinagar 27th published following despatch of which portion reads as follows:

"Members of the US Consulate in Sinkiang<sup>40</sup> who arrived here after a tortuous 71-day journey said yesterday that the recent political changes in Sinkiang were due to a small but powerful group of Communist sympathizers.

"They held the mass of Sinkiang population to be 'largely indifferent' both to Red propaganda and the Kuomintang's efforts to win their loyalty.

"When the Consulate members left Urumchi the capital of Sinkiang in anticipation of the Communist advance, conditions in Sinkiang were generally quiet though the Communists from their strongholds in northern Sinkiang were trying to extend their influence to the south. At that time the Kuomintang-appointed Governor Burhan was still in power."

DONOVAN

<sup>39</sup> Not printed.

<sup>40</sup> For further correspondence regarding closing of Consulate at Tihwa, see vol. VIII, "Decision to close Consulates in Nationalist-held China . . .".