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**Report on the Negotiation between Democratic Kampuchea's Commercial
Delegation and People Republic of China's International Trade Delegation.
December 3, 1978 in the Afternoon.**

The meeting began at 3 p.m.

The participant of both delegations were the same as in the morning:

Before resuming the negotiation, both sides decided to discuss about commercial activities between Kampuchea and China, and some global events, which contributed to the success of the revolution, the development of Kampuchea, as well as of China, and the failure of international diplomacy of the Soviet and its satellite, the land encroaching Vietnam. Both sides were in agreement in all issues, and expressed their mutual supports in order to win over the invasion of the Soviet and Vietnam.

After that, Kampuchean side presented to Chinese side a pre-arranged article, which conveyed the response of Kampuchea to the statement of Chinese delegation in the morning. The article mentioned:

In general we are in complete agreement on all issues and views, which comrade Chinese highlighted in the morning.

The development of trade between Kampuchea and China, which we have at the present, is the result of the efforts of our two parties to create fundamental revolutionary friendship and solidarity, very strongly between parties and the peoples of both nations, through many exchanges of opinions of delegations.

In national defense, under the leadership of Communist Party of Kampuchea, guided by comrade Pol Pot, we have managed to defend our western border. For the time being, we do not need to worry about this part of our border.

For eastern border, Vietnam has endeavored to take away our land, eliminate Kampuchean race, and launched successive attacks on us. Viewed from outside, it seems a border conflict, but in fact, Vietnam is trying to conquer our land. In 1977, they mounted major attacks on us, using the tactics of "quick attacks quick victories", however, the courage of Kampuchean army, under the leadership of Communist Party of Kampuchea, led by comrade Pol Pot, overcame these invasions and brought humiliation to Vietnam, specifically on January 6, 1978. Despite the defeats, Vietnam still holds on to invade us, and due to its plan, it is going to launch major offenses in this dry season. Nevertheless, with our clear-sighted party and the heroic army, surely we will be able to defeat Vietnam yet again.

Adding to the threat of war, we have suffered two devastating floods this year, which were the largest in 70 years. This disaster affects our agriculture, as a result, we could not export as we planned for this year.

The commercial relationship between our countries has been developing gradually and the trade volume has been increasing every year. Transportation in 1978 doubled comparing to 1977. The connection of international telecommunication with China in 1978 has enhanced our trade activities. International Trade Bank of Kampuchea and Chinese banks are able to work with each other more smoothly.

witness:

00002714 - 00002716
Attached to OCIS witness interview of
SAR KIM LOMUTH on 15 Dec 2009
by OCIS investigator Thomas Kuehn




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This morning, comrade Chinese have presented about unrefundable aids, which includes the fund of 140 million Yuan and 20 million dollars and temporary trade account. They also provided some data of the account. We appreciated the presentation.

Apart from this, we also concur with comrade Chinese's opinion in our exports in the morning. We understand that our products have poor quality and packages, and so far, China has forgiven us about these points. Chinese technicians have improved us a lot, but we still have weaknesses. We will try our best to heighten the quality of our exported products.

We are very pleased with the provision of machineries and mechanical equipments and the dispatch of technicians to help us of China. The attention of China toward us and the cooperation of those technicians have given us mental supports and improved workers' skills considerably.

We trust China in setting prices of our products. So far, comrade China has set prices of our exported products by conforming to the international market. This was yet another great help.

We discussed yesterday already about the commercial agreement. We also believed that the commercial agreement is vital in increasing political influence of both sides. We will analyze this issue in detail in the future.

In the near future, we will discuss about commodities, which we need for 1979 in order to clarify various aspects regarding the business. This will ease the tasks of China in providing the goods to us. We believe that everything will go as planned. If we cannot answer your questions relating to technology, we are pleased to invite you to examine our factories, since our technicians have very little knowledge; sometimes they cannot explain you in technical terms.

In the end, I would like to wish all of the delegates happiness and successes in your visit in Kampuchea.

Comrade Chinese: We have listened attentively to the statement of comrade Vann Rit about trade between our countries.

We are now aware of the accomplishment of Kampuchean people after the liberation day (April 17, 1975) led by Kampuchea Communist Party. We are very delighted that comrades place your trust on us. We will explain various organizations in our country to try to satisfy Kampuchea's need perfectly.

Due to the development of agriculture, industry and trade of Kampuchea, we believe that Kampuchea can set prices for their exported products in the future contracts, since Kampuchea has to do business with other countries. If you have any problems, please feel free to present to us, we will try our best to help. In improving the quality and packaging of the products, if comrade Kampuchea wish to get our assistance, please inform us, so that Kampuchean products could be competitive in international market.

In your purchase, if you have any problems, please let us know in advance and in detail, if possible. We will try to provide every good that you need.

You can present all problems that you may have to us now, or to our delegates who are to stay here longer, or to the Chinese embassy at anytime.

Our opinion:

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Thanks to the speech of comrade chief of the delegation. According to the lack of relevant data and technicians, we would like to invite China to continue to set prices for us. We place all our trust on you.

We are very happy for the helps of comrade Chinese. We will try to improve our performance. We believe that in the future the trade between our countries will grow.

The negotiation was ended at 4: 25 p.m. Both sides were in agreement in all aspects presented.

After a short informal talk, the meeting was successfully completed at 4: 45 p.m.

Phnom Penh, December 3, 1978.

Copied and sent to: Brother Vann 1 copy
Brother Hem 1 copy
Division 51 1 copy
Documentation 1 copy