

About the issue of establishing metal and oil companies in Xinjiang by China and the Soviet Union, a report to Mao Zedong by Liu Shaoqi on January 2, 1950:

Chairman Mao:

(A) This time, brought by Comrade Peng Dehuai, the Soviet Union and the Nationalist Government have agreed on a draft agreement to establish joint metal and oil companies in Xinjiang. They request that the Central People's Government and the Soviet government also agree on a similar draft agreement, in order to use Soviet capital, develop Xinjiang's rich resources, and promote production in Xinjiang. The general contents of these two agreements are roughly as follows:

(1) The business of the companies is to explore, detect, exploit, and refine non-ferrous and rare metals within Xinjiang, and sell the products within China and abroad. Alternatively, they may explore, detect, and extract oil and coal and refine oilseeds for the sale of products within and outside China.

(2) Capital from both sides is equal, and net profits are shared equally. However, Chinese capital is delivered in the form of land and estimated construction materials needed for construction sites and buildings. Soviet capital, on the other hand, is for the necessary equipment, materials, and transportation expenses for the company, the value of which is negotiated.

(3) The personnel in charge and staff of the company are divided equally between China and the Soviet Union, similar to the China-Soviet Railway.

(4) The company's products are subject to a certain donation tax to the Chinese government. Both parties are entitled to purchase half of the company's products, and the price is based on cost plus six percent pure profit.

(5) The company's operating period is forty-five years.

(B) This is a form of leasing or Sino-Soviet joint operation enterprise, with China gaining half of the benefits. However, the duration seems to be set too long, and it would be appropriate to set it at twenty or twenty-five years. Please consider whether you can bring up this issue in discussions with the Soviet responsible party. Once the principles are determined, the specific provisions can be negotiated between the Ministry of Foreign Affairs and the embassy. Furthermore, such ventures may not be limited to Xinjiang, nor only with the Soviet Union and other new democratic countries; similar factories and enterprises could be jointly operated in other parts of China. Even groups and capitalists within imperialist countries might request to operate such factories and enterprises. However, if we do not actively express the desire for the Soviet Union to operate, they will not request us to undertake such projects. Currently, comrades in Xinjiang are requesting the Soviet Union to operate, so please consider whether we should make such a request to the Soviet Union. Comrades here believe that making such a request is feasible.

Liu Shaoqi

January 2nd