Abstract  This contribution brings to light a French policy widely subjected to the Indo-Chinese interests, to the multilateral system of control of the exchanges and, more globally, to the American politics. The attitude of the French government is marked with the seal of the opportunism, and by the will to create de facto economic relations with the Chinese, in the biggest possible discretion. The Gaullist decision of January 1964 to create diplomatic relations with the PRC takes place in a phase of intensification of the economic, technical and commercial relations.


Keywords  International economic relations. French foreign policy. PRC. Twentieth century.

Even before the end of World War II, the French government had set itself ambitious targets regarding its policy in Asia: to regain its presence and role in Indochina followed by China. Though France emerged from the War greatly weakened and with a shattered morale, it still retained significant economic and financial interests in China. Franco-Chinese relations continued to be strained till 1949, when Chiang Kai-shek’s nationalists lost power, and the passage from the pre-War ‘dominant/dominated’ relations
(the concession and unequal rights)\(^1\) to a more egalitarian one proved difficult. The transition, which continued all through 1949, required much haggling between Chinese and French authorities, especially regarding the transfer of rights and properties in the former concessions of Canton, Shanghai, Tientsin\(^2\) and Hankow – all within the context of an ongoing civil war between nationalists and communists, widespread corruption, soaring inflation and currency depreciation.

In 1949, some 110 French enterprises and 1300 nationals,\(^3\) mostly in Shanghai and Tientsin, still remained. To this were added investments amounting to 248 million US dollars,\(^4\) which nevertheless represented less than 6% of total French foreign investments. They were often direct, for the creation of branch offices or independent enterprises – the majority being trading companies or other closely linked enterprises such as financial establishments (35%, 87 million dollars) and transport companies (34%, 85 million). A significant number of French tradesmen and corporate bosses working in China did not see the communists coming to power as a catastrophe and believed that they would be able to work with the new Chinese leaders who they hoped would be less corrupt than the nationalists and more likely to tame the inflation and instability that was vitiating the business climate. The growing Chinese economy was expected to provide lucrative business opportunities to Western enterprises.\(^5\)

\(^1\) China had been subjected to the so-called ‘unequal treaties’ imposed by Western powers in the aftermath of the Opium Wars of 1840-1860. French territorial and economic privileges took the form of concessions, enclaves within Chinese territory that, for the Chinese, symbolised their subjection to foreign rule. France had four concessions, at Canton, Shanghai, Tientsin and Hankow, and had administrative rights in the international concessions of Shanghai and Amoy and in the Peking Legation Quarter as well. Territorially, it administered the leased Bay of Canton area and had annexed the islands of Hainan and Spratly in the South China Sea. Moreover, France had acquired the concession of the Yunnan railroad and the attached privileges in 1898. From 1910, the railway line linked Haiphong, in Tonkin, to Yunnanfu (later Kunming), capital of the Yunnan province, allowing the diverting, via the port of Haiphong, of a portion of South-West China’s trade to the coastal cities in French Indochina. Thus, France wielded some influence in the Yunnan, the gateway to French Indochina. France also controlled, in partnership, some major public services such as tax collection, customs and the postal service, whose director was a Frenchman. This in theory allowed it to guarantee the repayment of many Chinese loans underwritten by French investors.

\(^2\) In keeping with the traditional system, the more common proper names have been retained the way they were written in those days: Tientsin, Canton, etc.

\(^3\) The reports generated from the Consular surveys undertaken in China in 1946 and in 1947 allow us to draw a rather precise map of French interests in China.

\(^4\) This amount is for the year 1931 (the last year for which we have data).

\(^5\) Note of 11 January 1949 a/s. Repercussions of Communist China’s victory on our interests in the Far East; Aide-mémoire of 2 February 1949 from the Ministry of Foreign Affairs (Asia-
During the final months of the nationalist regime in continental China, the French government began planning, not without misgivings, its stance towards a future Communist China. When the People’s Republic of China (PRC) was founded in October 1949, French policy consisted in recognising the Republic of China (Formosa), as governed by the exiled nationalist party and not having any official political relations with the PRC. It is in this light that there arises the question of France’s manoeuvring room for developing contacts and business relations with Communist China (Qu 2005; Robin 2013a).

From 1949 to 1955, these bilateral economic relations were marked by the French government’s continued stance regarding the PRC and its refusal to establish political and diplomatic relations in the context of strong international tensions and restrictive economic embargoes. All through this period, the French government retained a policy of discrete but systematic control in its relations with the PRC.

The year 1956 finally saw the first inflexion point in these relations, though without any actual break. With the tacit consent of the French government, a mission was sent to China, which had to set up a commercial framework between the two countries for the medium term. Gradually, from 1956 to 1964, trade grew and collaborations diversified. More or less unofficial means permitted the exploitation of this development and a growing number of private players began to forge business links with Peking till the French finally decided to establish diplomatic relations with the PRC in 1964.

1 From 1949 to 1955, Franco-Chinese Economic Relations Were Frozen in a Tight Embargo which Nothing Seemed Likely to Loosen

1.1 The Gradual Implementation of an Economic Embargo (1949 to End 1951)

The Communist regime that came to power in continental China in October 1949 broke away from the existing network of alliances, especially with the United States. Moreover, it seemed quite capable of threatening the foreign economic interests on Chinese soil. Thus, the question of what attitude to adopt regarding the new power took on some urgency.

Oceania Division) to the British Embassy in Paris; Report of 1 February 1949 on Tientsin by M. Aiby, Banque de l’Indochine.
Great Britain’s stance was that of *keeping a foot in the door* so as to keep Communist China outside the ambit of USSR and retain its economic and financial interests there. The United States, France and Great Britain wanted to take a common stand regarding their future relations with the Communist regime in China. Still, the United States recalled some of its diplomatic agents from China and evacuated its nationals from the summer of 1949. Great Britain on the other hand sought to preserve its economic interests and Hong Kong. Furthermore, the wishes of some Commonwealth States, especially India, had to be taken into account. The latter therefore reconciled itself to accepting the authorities in Peking and ultimately officially recognising the PRC in January 1950 (Porter 1967, 34).

As for the French government, it had begun to define, from the beginning of 1949, the strategy it wanted to employ: to liaise with its Western allies, be opportunistic and retain its presence. Towards the end of summer 1949, France strove to maintain a balance between nationalists and communists (Robin 2013b). Though the French government was unhappy with the United States’ hostility towards the PRC, it was even more worried about the recognition accorded by the British to ‘Red China’. Not having recognised the new regime, France ran the risk of appearing hostile to a PRC that could constitute a serious threat to Indochina with which it shared 1,200 kilometres of common boundary on its south: what if these new masters of China decided to launch military incursions into their neighbour? (Qu 2005, 92). The French government’s primary motivation was to preserve Indochina and its frontiers with China. French policy began as ‘Indochinese’ before becoming ‘Chinese’.

While Indochina was the determining factor, there was also the French government’s consideration for, and agreement with, the representatives of several enterprises with interests in China who wanted to remain. To leave would be never to return or, at the least, with great difficulty. On 7 February 1949, Hubert Rosier, Director of Olivier, one of the largest import-export companies dealing with China, wrote that, despite the increased bureaucracy compared to that of the nationalist regime, the communists could “nevertheless offer better opportunities. […] Everything points to the fact that all these efforts are about to bear fruit. […] Far from withdrawing,

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6 *British Aide-mémoire Submitted on 4 January 1949 Far Eastern Situation.*
7 *Memorandum by Mr. Bevin on Recognition of the Chinese Communist Government, 1949; Aide-mémoire Submitted on 31 October 1949 to the Ministry of Foreign Affairs Regarding Great Britain’s Recognition of the Government in Peking.*
8 *Aide-mémoire of 2 February 1949 of the Ministry of Foreign Affairs (Asia-Oceania Division) to the British Embassy in Paris.*
9 *Note of 11 January 1949 a/s. Repercussions of Communist China’s victory on our interests in the Far East; Report of 1 February 1949 on Tientsin by M. Aiby, Banque de l’Indochine.*
private French companies in China are determined to stay and continue in the certitude that conditions are bound to improve in the coming years.”.\textsuperscript{10} William Wecter, the Franco-Chinese Bank’s agent in China, was also optimistic in his report of 6 October 1949 to his Parisian headquarters: “As regards future prospects, it would seem that France is well placed to do business with the new regime [...]. All the official declarations point to the fact that China has an immense and urgent need for industrial equipment and the Russians are not able to meet all their needs – if indeed they want to!”.\textsuperscript{11} Good days were seemingly around the corner.

Yet another issue was the PRC’s ambition to be appointed to the UNO’s Security Council, something that the United States was adamantly opposed to. In this matter, France maintained an identical stand. With the outbreak of the Korean War in autumn 1950 and the intervention of Chinese ‘volunteers’, Communist China’s efforts at being accepted into the Security Council seemed doomed to failure with France voting consistently to thwart any such eventuality (Qu 2005, 199-201).\textsuperscript{12} As with the other Western countries, France had little room to manoeuvre – the Cold War, begun in 1947, had divided the world into two major camps, the West, led by the United States against the Socialists (the USSR and PRC mainly). The Korean War greatly heightened tensions, especially with China leaping so belligerently into the fray. It was difficult not to be loyal to one’s alliances, to Formosa, to the United States and to the West in general.

Moreover, the War also imposed strict constraints to exports to China in 1950. The unilateral measures taken by the United States against China were gradually and reluctantly adopted by the other countries, including Great Britain and France. After America decided, in December 1950, to place China under an economic blockade, France found it impossible to have any future political relations with Peking and trade was made very difficult. The strategic capital goods contracts could no longer be honoured. The year 1951 saw this blockade against the PRC becoming complete with the initiative taken by the United States, under the aegis of UNO, to add a China-specific clause to the COCOM\textsuperscript{13} (a system of trade restrictions against the Eastern Bloc set up in 1949) (Yasuhara 1991).

\textsuperscript{10} Letter of 7 February 1949 from Hubert Rosier Director of Olivier China.

\textsuperscript{11} Letter of 6 October 1949 from William Wecter, Representative of the Banque franco-chinoise in China, to the Headquarters of the Bank.


\textsuperscript{13} COordinating COmmitee for Multilateral expert control.
1.2 The Economic Conference of Moscow and the USSR’s Attempt at Opening the Embargo (1952)

The restriction to international trade proved very painful to the Eastern Bloc. The USSR tried to loosen the restraints by launching a propaganda offensive, a sort of economic equivalent of the Stockholm Appeal, in the form of the Economic Conference of Moscow in April 1952. Its aim was to resume trade between the East and the West and to widen the rift between the United States and its allies regarding international trade and the embargo.

The PRC saw its trade relations with Western countries decline drastically after 1949 to the benefit of COMECON member states. While some roundabout trade and smuggling poked holes in the embargo, the PRC found itself increasingly dependent on the USSR, especially after 1951, and mainly for consumer and capital goods. Meanwhile, the Korean conflict was proving very expensive for the Chinese and the USSR found itself increasingly limited in its role as a supplier to the Chinese not only because of the trade restrictions, but also due to its own developmental needs. The lifting of the embargo was thus a major objective of the Economic Conference of Moscow where contacts were indeed made between Chinese officials and French enterprises.

Two-thirds of the French delegation (36 members) were businessmen like Jean-Baptiste Doumeng, President of agricultural cooperatives and boss of Interagra, Jean-Baptiste Chatain, Director of Potasses d’Alsace and Campenon-Bernard, Michel Goldschmidt, importer and exporter of cereals and Charles Hilsum, Director of the Banque commerciale des pays de l’Europe du Nord (BCEN).

Of these, special mention must be made of Jean-Baptiste Doumeng and Charles Hilsum. Hilsum largely built his career at BCEN, where he became CEO after the War. Under Hilsum the BCEN came to be nicknamed ‘Bank of Moscow’ because of its close ties with the Soviet State and the PCF (Parti Communiste français) and its quasi-monopoly over the capital flows

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14 The Stockholm Appeal of March 1950, presented as apolitical, wanted to turn the public opinion in Europe against the American nuclear arms policy. It was launched by the World Peace Council, an arm of the Supporters of Peace or the Peace Movement that, from the beginning of 1948, had brought together celebrities and intellectuals, often Communist, but not only. French physicist Frédéric Joliot-Curie was the first signatory of the Stockholm Appeal as President of the World Peace Council.

15 Economists for Peace Conference at Moscow October 1951-April 1952; Economists for Peace Congress April 1952-July 1952.

16 COMECON or CAEM, acronym for Council for Mutual Economic Assistance, created by Stalin in 1949 as an organisation for mutual economic assistance between the Communist bloc countries.
between France and the USSR (Gomart 2003, 80-4). As for Doumeng, he was the most important French businessman in Moscow. Called the ‘Red billionaire’, he formed a Union of over 200 agricultural cooperatives of the South-West (cereals, meat, wines, fruits and vegetables). He was also CEO of Interagra, an export company for the agricultural cooperatives of the South-West. He was helped initially by Charles Hilsum and began doing business with the East in 1945-1946.

On its side, the Chinese delegation included some prominent figures such as Nan Hanchen, President of the People’s Bank and of the National Import and Export Company of China (CNIEC), a State body with a monopoly on Chinese foreign trade. There was also Lei Renmin, Vice-Minister of Commerce, Lu Suchang, Director of CNIEC, as well as other important banking, industrial and trade representatives.

The meeting between the two delegations resulted in tentative contracts valued at 4 million pounds sterling each way (Lipkin 2011). Doumeng signed on behalf of all the French enterprises present in Moscow while Lu Suchang represented his side. The following goods were to be exported by France to the PRC: metals, chemical products, textiles, industrial equipment and raw material. In return, China was to provide France with tea, vegetable oils, silk, manganese and handicraft. Moreover, the Chinese delegates extended an invitation to their French counterparts to come to China and to resume their bilateral trade relations. The Economic Conference of Moscow would thus seem to have been a success for the USSR and the Communist bloc.

1.3 America’s Reaction: Creation of CHINCOM (September 1952)

Wary of the danger to the cohesion of the Western Alliance, the United States quickly set up CHINCOM (China Committee) to further constrain trade with the PRC. Up till then, the COCOM lists were applied against all Communist countries except Yugoslavia and Cuba (Cohen, Dernberger, Garson 1971). As for the PRC, the member States of the COCOM had agreed, in the summer of 1950, to impose the same restrictions to it as to the Communist countries in Europe. Nevertheless, in the wake of the Moscow Conference, the United States pressured its allies for more stringent action against China. Two factors were in play:

– first, the Chinese intervention in the Korean conflict had raised the issue of treating Communist China differently as it now concerned a country that was in direct military conflict with the United States. COCOM members adopted special provisions against the PRC by drawing up longer and more stringent banned product lists as compared to the rest of the socialist camp. When the Korean conflict escalated, there
arose the question of creating an *ad hoc* committee specialised in matters of trade with China and North Korea, different from COCOM. Second was the impending change in Japan’s statutes coupled with its geographic and strategic position in the context of the Korean conflict. Under American occupation since 1945, it was to regain its independence on 22 April 1952. From January 1951, all Japanese exports to the PRC that came under the restricted list had to have the approval of the occupying authorities. When this responsibility reverted to Japan, it had to be integrated into the Western bloc, the embargo and COCOM.

Under pressure from the United States, a special list regarding China was drawn up in July 1952 and imposed on Great Britain, France, Canada and Japan. In September, a committee within the framework of the COCOM was especially created to oversee, define and supervise trade restrictions with China and North Korea: the China Committee (CHINCOM). In the spring of 1953, this new organisation drew up a list of some 400 categories of articles whose export to China would be banned or restricted – double that of the COCOM (Cain 1994, 1995, 2007; Brada, Wipf 1974; Cohen, Dernberger, Garson 1971; Mastanduno 1992; Shu 2001). Washington had thus succeeded in its economic war against China, an offensive that now consisted of four layers: the restrictions set by the Americans, the COCOM, the CHINCOM and the UNO.

### 1.4 The Determined Stance Taken by the French Government from 1952 to 1955

While the American government remained intransigently hostile to the PRC, the French seemed, at first, to be swayed by the results obtained in the Moscow Conference.

At the Ministerial Council of 26 April 1952, Robert Schuman, Minister of Foreign Affairs, noted that “The French who had been to Moscow had come back rather impressed. […] There will certainly be some excitement regarding the revival of business, especially those afflicted by unemployment. […] The question is whether we would accept the embargo of certain products. We will need to come to an understanding with the English and

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17 The date of the entry into force of the Treaty of San Francisco signed by the United States and its allies (8 September 1951).

18 The SCAP (Supreme Command for the Allied Powers). This clause was reinforced by the necessity of obtaining an authorisation from SCAP for the export of any strategic product, whatever be the destination country, in order to eliminate the risk of a re-export resulting in the circumvention of the embargo.
then approach the Americans for lifting certain restrictions” (Auriol 1978, 284). Obviously, the French government thought that there were economic advantages to be gained by meeting the Chinese representatives. But Schuman was soon to realise that Communist-led enterprises wanted to have a monopoly over the trade with China.

The procedure envisaged in Moscow was that negotiations would be conducted in East Berlin so that definitive commercial contracts could be signed. After the conclusion of the Conference, Jean-Baptiste Doumeng made several trips to finalise contracts. Meanwhile, in the background, a fierce rivalry was underway between Interagra and those companies that had been dealing for long with China such as Olivier-Chnine, Rondon, Denis Frères and Optorg. These latter enjoyed a privileged position in Franco-Chinese trade and were loath to see the arrival of competitors, especially those led by Communists – all being very aware of the close ties that Doumeng had with the USSR. No wonder then that these traditional companies refused to have to go via Interagra to trade with the PRC. Realising that the CNIEC would grant import-export licences only to Interagra sponsored companies that would give it a de facto monopoly on all trade with the PRC, the French government vetoed all import-export licenses. Ultimately, most of the agreements concluded in Moscow did not pan out, but the failure of this attempt at a monopoly finally led the authorities of both China and France to initiate the process of forging direct commercial links between the two countries.

The first Conference of Geneva (June-July 1954) could very well have facilitated these relations, especially in view of China’s and especially Zhou Enlai’s moderating stance vis-à-vis the Vietminh for putting an end to the Indochina War. Sanctioned by the French Foreign Office, French business leaders and Chinese officials had numerous meetings. 19 Lei Renmin, Vice-Minister of Foreign Trade, who was present in Geneva along with many experts, was the mainstay and part initiator. He met with Robert Tabouis, Director of the Compagnie française de télégraphie sans fil (TSF) (Qu 2005, 312), M. Vicaire, Deputy General Manager of the Aciéries du Creusot, 20 de Pavloisky, Director of Le Matériel technique and Rondon representatives Chassier and Muller. 21 These contacts though had few concrete results.


20 Schneider’s presence in Geneva was requested by Zhou Enlai and the Chinese Commerce Minister. Telegram no. 329 of 6 May 1954 from the Delegation to the Conference of Geneva to President Bidault.

21 The presence of Lei Renmin, along with numerous experts in Geneva, led to a multitude of contracts with private enterprises of all nationalities, sending a shiver of excitement through the European business community. Many were the missions and delegations which wanted to meet the Chinese officials, especially those in charge of foreign trade. The Chi-
Nevertheless, we can point to a Chinese participation in the Lyon Fair of April 1955 as well as a visit by Chinese technicians to France in March of the same year. The latter was led by Zhang Xinchen, Vice-President of the CNIEC and was comprised of experts in electronics, telecommunication and mechanical equipment. Its composition was the result of the meetings held in Geneva between Lei Renmin and the Director of TSF of France and the Deputy General Manager of the Aciéries du Creusot.\textsuperscript{22} It was at the instance of the Franco-Asiatic Chamber of Commerce\textsuperscript{23} that the CNIEC delegation was invited by two of its members, the Compagnie française de TSF and Schneider. This visit of Chinese technicians initiated, for France, a movement that the PRC would replicate often in the coming years: technical information-gathering missions to hi-tech, exceptional installations.

In the political domain, relations remained conventional and prudent. In the weeks following the Geneva Conference, various organisations were invited to China, but they were mainly either Communist or Communist-inspired associations and movements. Though some visa applications were granted by the French government in response to the demands of private actors who were impatient to forge or renew their ties with China, others were refused, like those for the delegates of the Pan-Chinese Athletics Federation who had been invited by the Sports and Gymnastics Works Federation for its 20th anniversary (from 17 to 26 December 1954) because of the exclusively political nature of the event (the FSGT was Communist).\textsuperscript{24} Visas were only granted on a case-by-case basis.

dinese trade delegation thus had discussions with delegations and businessmen from Italy (13 June 1954), Belgium (especially representatives of the railways, the steel industry and import-export houses), Netherlands (three meetings in three weeks: 9, 10 and 29 June). In the beginning of September 1954, China also invited a West German trade mission to visit the PRC. In the case of the Netherlands, these contacts were also an occasion to begin the process for establishing diplomatic relations: the arrival in Peking of a Dutch delegation to negotiate the establishment of diplomatic relations (26 May) preceded the first trade negotiations (from 9 June).

\textsuperscript{22} After its arrival on 24 March 1955, the team made many visits, especially to factories and industrial enterprises such as the Génissiat power plant, Europe’s first major hydroelectric station. The importance of such an installation for China cannot be overstated.

\textsuperscript{23} The Franco-Asian Chamber of Commerce was established in April 1925 as an association under law of 1901 with the aim of aiding in the creation, development and improvement of the economic, trade, maritime and intellectual relations between France and Asian countries. It lent its support to enterprises, facilitated transactions and other related processes between importers and exporters, provided relevant documentation and information, organised conferences and study trips, gave its views on questions of trade legislation. In 1955, Hubert Rosier, Director of the Olivier company, was its President.

\textsuperscript{24} File of 17 December 1954 for the Secretary of State Regarding Chinese Nationals or Organizations Who Had Asked for or Received French Visas.
Pressure on the government mounted in the wake of a mission to China undertaken by the Conseil de la République\textsuperscript{25} led by Edmond Michelet (20 to 25 September 1955). Though from different political parties, the parliamentarians all agreed that there was a need to “strengthen economic ties while at the same time knowing that they cannot progress far [...] in the absence of diplomatic relations [...]”. Should we always be the last? [...] Also this must not be some off-hand relationship. China, dare we say, would like to be a spouse and not a concubine. Let us not forget that our ‘recognition’ would have no value if we are the last.”\textsuperscript{26} On their return, the parliamentarians went on a veritable publicity campaign, exhorting the Conseil de la République and the public via the press to recognise the PRC.

A second parliamentary mission, this time from the National Assembly, quickly followed (19 October). The deputies were received for two hours by Zhou Enlai, who told them of his desire to resume diplomatic relations, adding: “we believe that we could always begin, as a preparatory phase, by developing commercial and cultural relations. There is a proverb which says that when the water arrives, the trench gets made.”\textsuperscript{27} Concerning the economic issue, Zhou Enlai hoped “that France would embark on the road to full diplomatic relations with China as well sing a ‘semi-official’ trade agreement between the two countries” (Qu 2005, 337). This would be the role of the French trade mission of 1956. Meanwhile, on the political front, the French government, under pressure from the Americans, retained its stern stance and refused to recognise the PRC.

\section{From 1956 to 1964, Franco-Chinese Trade and Collaborations Grew and Diversified. Unofficial Means Began to be Set Up, Involving a Growing Number of Players}

\subsection{The ‘Henri Rochereau’ Trade Mission to China (1956)}

A French economic mission, led by Henri Rochereau, member of the Conseil de la République, was sent to China from 23 January to 20 February 1956. Officially non-public and private in nature, its preparation and pro-

\textsuperscript{25} Name of the Upper House under the 4th Republic.

\textsuperscript{26} Report File in the Name of the Coordinating Committee for Studying the Problems Regarding Business in Indochina and on the Mission Sent to Indochina and China from 5 to 27 September 1955, Presented to the Conseil de la République on 28 February 1956 by M. Michelet, 200)

\textsuperscript{27} Conclusions of the Mission Extracts of the Minutes of the Audience Granted by Zhou Enlai, Minister of Foreign Affairs of the PRC to the Members of the Mayer Delegation on 1st November 1955.
gress were followed closely by the government. In fact, it was the first time that the government had given its official approval for a business visit to China. Though this mission had been envisaged towards the end of the Geneva Conference, it was only now that it could be realised. It is no coincidence that the first diplomatic documents that talk of it are dated end July 1955, the same time that the United States agreed to hold Ambassador-level discussions with China.  

The mission marked the first direct contact with the Chinese administration and technology ministers since the founding of the PRC (Robin 2013c) such as the Ministry of Foreign Trade (including its Export Division), the National Planning Commission, the Committee for the Development of Foreign Trade, the National Import Export Company of China (CNIEC), Bank of China, etc.

The second gain was the signing of several firm contracts, the initiation of others and the creation of business leads. The Rochereau mission brought an end to the contractual agreement system that had been in place since 1949. In fact, the government did not impose any limit on the trade amount, nor even that it had to be balanced. On the Chinese side, though “the oft-repeated official stand was that the trade be balanced, in practice, Chinese authorities did not seem to give any thought to this in their dealing with the members of the mission. In fact, the total volume of French exports concluded during the stay of the mission, was double that of Chinese imports.” It would seem the delegation made full use of this freedom from having to balance the trade.

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28 Note of 28 July 1955 for the Minister a.s. Development of contacts with the PRC. On 25 July 1955, two bulletins, published simultaneously in Washington and Peking, announced that the two governments, American and Chinese, had decided to raise the level of the discussions taking place in Geneva from the consular to the Ambassadorial level (between Alexis Johnson and Wang Bingnan). The object of these discussions was the repatriation of certain categories of civilians who had been detained or retained in China and the United States. As the establishment of diplomatic relations did not figure in these discussions, French policy remained unchanged.

29 Annexe I of the Agreement, List of Names of the Chinese who had Participated in the Negotiations with the French Mission, 1956; Note of 22 February 1956 of Beaulieux (DEFA of the MAE, Hong Kong) to the Ministry of Finance and Economic Affairs, from Rochereau.

30 Firm import contract amounting to 350 million francs were concluded, including 20 million for oil seeds and 220 for tea. Firm export contracts amounting to about two billion francs were signed, which included mainly chemicals, pharmaceuticals and dyes (900 million), textiles such as combed wool, rayon thread (400 million), small mechanical equipment and tires for light motor vehicles (300 million).

31 500 million more in import were expected, including 300 in silk and 25 in oil seeds. As regards export, the delegation bagged specific orders worth a billion francs more which could be met in the short term. They included 500 million in watches, 350 million in combed wool, 100 million in embroidery thread and 50,000 tonnes of sugar.

32 Information Report no. 570 of the Conseil de la République, Annexe to the Minutes of the Meeting of 27 June 1956, 14.
A financial arrangement between the two central banks and the payment modalities for the commercial transactions eliminated some of the hurdles encountered hitherto in trade with Communist China. This financial protocol included using the Franc for Franco-Chinese trade and the transferable Franc regime. As a matter of fact, up till then, Chinese authorities had held back business considerably and “imposed unequal risks, with only the Western traders having to bear all consequences.”

Finally, the Chinese authorities were also to host a group of engineers who would study, over the long term, the French participation in the construction of major industrial installations.

In his report presented on 27 June 1956 to the Conseil de la République, Henri Rochereau prophesied: “A day will come when, after normal diplomatic relations are re-established and China joins the UNO, these kinds of negotiations would no longer be unusual. We will then have to sit across the table on equal terms with men of the first rank, experts in business affairs, combining the natural finesse of the Chinese with a Marxist dialectic. We must from now begin to look for capable negotiators if we want to come out ahead in the discussions which will no doubt prove to be extremely difficult”.

Meanwhile, the year 1956 saw, for the first time since the War, a trade balance tipped in favour of France as well as a significant quantitative growth.

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<th>In billion Francs</th>
<th>1,949</th>
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<td>4.414</td>
<td>5.292</td>
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<tr>
<td>Exports</td>
<td>0.721</td>
<td>2.635</td>
<td>7.976</td>
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2.2 A Growing Number of Official Meetings with Representatives of Communist China

The PRC tried to gain, gradually, greater commercial autonomy. It tried to circumvent the international embargo by forging *de facto* trade relations with French officials and business leaders, especially those who had been present in Geneva in 1954. Both countries sought, as discreetly as possible – so as not to displease either the USSR on one side, or the USA on the other – to find new ways of conducting business.

In summer 1955, France decided to activate the contacts established in Geneva a year previously. Considering the sensitive nature of the rela-

33 Note of 25 January 1956 from R. Grimaud, Commercial Advisor in Hong Kong, to DREE Subject: Hong Kong Visit of the Private Economic Mission to China.

34 Information Report no. 570 of the Conseil de la République, ordinary session of 1955-1956, Annexe to the Minutes of the Meeting of 27 June 1956, 8-9

tions with China, the contacts needed to remain discrete and unofficial. The understanding between China and France was that Berne would be the meeting place for cultural, visa and specific issues. London, Berne and Berlin were ‘dedicated’ to commercial relations. In practice, Berlin was rarely used while Berne attracted the lion’s share because both the PRC and France had embassies there.\textsuperscript{36} It must be noted that this mode of communication was in no way exclusive to Franco-Chinese relations and that the Swiss capital hosted many such meetings between Chinese officials and their counterparts and businessmen from many other West European countries.

The establishment of official relations between France and China marked the beginning of a period of increasing contacts and bilateral relations between the two countries, with the Rochereau mission being the most important example. At the same time, numerous economic actors, enterprises, federations and professional syndicates were eager to gain access to the Chinese market which was thought to be very promising.

2.3 The Disappearance of CHINCOM in 1957

Meanwhile, the last few French enterprises and assets in China were being liquidated, such as the Banque de l’Indochine (whose remaining branch offices closed in 1957), as part of the general drive towards the nationalisation of industrial assets. The end of business within China marked, no doubt, the real beginning of business with China.

As for the COCOM, though the Americans had succeeded in imposing its views regarding the embargo on its allies from 1950 to 1953 (Mastanduno 1992), the tables were completely turned from 1954 onwards, when it was the allies who gradually began to assert themselves.\textsuperscript{37} Thus, in keeping with the improving international situation, European nations initiated a series of meetings to revise the COCOM embargo lists and to rescind many non-military items (Brada, Wipf 1974).

The same question arose for CHINCOM, which the United States had managed to enforce upon its allies in 1954 and 1955.\textsuperscript{38} Starting from January 1956, a series of summit-level meetings between American President Eisenhower and British Prime Minister Eden showed how diametrically opposed the two camps were (Shu 2001, 178). The United Kingdom’s politi-

\textsuperscript{36} The Swiss Confederation officially recognised the PRC in January 1950 and established diplomatic relations on 14 September of the same year.

\textsuperscript{37} The armistice agreement of Panmunjom that ended the Korean War was signed on 27 July 1953.

\textsuperscript{38} Even though a country like Great Britain enjoyed an increasing number of exemptions.
cal and economic interests no longer allowed it to support the China differential in that difficult economic context which, moreover, also penalised Malaysia and Hong Kong. No amount of British pressure had any impact on the American administration, especially as the latter was dealing with a Congress that was firmly opposed to any relaxation of the embargo. In the summer of 1956, the British decided to change tack and to try and convince the other allies into abolishing CHINCOM. The Suez Crisis put paid to all such thoughts and compelled the United Kingdom to avoid any further friction with the United States. The year 1956, which had begun so ominously for the CHINCOM, ended with neither France nor the United Kingdom being able to bring about its disintegration. The Congress’ intransigence and the threat of the coming Presidential elections forced the President to adopt a hard and inflexible stand in the matter.

But once Eisenhower was re-elected, the year 1957 saw renewed allied pressure to end the China differential. He too on his side turned more flexible, admitting that there were good reasons to reduce, if not eliminate, the China differential. Two factors helped bring about this change: the belief that continuing the embargo would throw the USSR and China together as the latter’s economic need would be met by the former and second, the damage caused by the embargo to the Japanese economy and the subsequent effect on US-Japanese relations. In February and March 1957, the administration decided to trim the special list that would now contain only truly strategic goods and managed to convince the Congress in April after a particularly effective campaign.

But it was too late: in a report dated 1 May 1957, Harold Caccia, the British Ambassador to Washington, declared: “we should regard it as final that the U.S. Government will not (repeat not) be a willing party at this stage to any agreement which virtually abolished the differential” (Shu 2001, 189). The United Kingdom now wanted the differential to be abolished completely, especially as it was inexplicable why, after the events in Hungary at the end of 1956, the USSR should be treated less strictly than China. At the CHINCOM summit of 7 May 1957, the American proposal for reducing the multilateral regulations was met by the French counter-proposal of eliminating the special list immediately. On 22 May, the United Kingdom let it be known that it would not be happy with any compromise and announced on the 27th that it had already decided to eliminate the differential unilaterally. Almost four years after the Korean armistice, the United States could no longer hold back the flood gates.

2.4 The Growth in Franco-chinese Trade Relations Between 1958 and 1963

Franco-Chinese trade relations grew significantly, albeit in fits and starts, between 1958 and 1963. Two examples stand out: railways and cereals.
Thanks to the Banque de l’Union des Mines’s contacts with the Chinese Embassy at Berne since 1956, a group of Chinese engineers visited France from 7 February to 3 April 1958 to study the French technology. Led by the Chinese Vice-Minister of Railways (Yu Kuang Sheng), it included 26 individuals divided into three groups dealing with three different sectors, one of which was the railways. The trip included numerous technology meetings as well as visits to the SNCF’s plants and factories in the North and East, providing an in-depth view of French railway technology. A memorandum signed on 27 March 1958 provided the base for a technological collaboration between the two countries in the domain of railroad equipment. Most importantly, a series of meetings concluded on 5 July 1958 with the signing of a contract for the purchase of 25 single-phase 50 Hertz locomotives to be delivered in 1960, for an FOB amount of close to 3.5 million Pounds Sterling.

Bilateral trade increased through the years 1962-63, marked especially by the sale of massive quantities of French cereals. This was due to the coincidental occurrence of catastrophic harvests in China and bumper crops in France. After eight months of negotiations, a deal was finalised between Louis-Dreyfus and China Resources on 19 December 1961 for the delivery of one million tons of cereals for between 50 and 60 million pounds sterling.

39 While originally, the mission was to have lasted only six weeks.
40 Group I: Railways, mines, automobiles; group II: electricity; group III: chemicals, food.
41 “Première mission officielle de techniciens envoyés en France par le Gouvernement de Chine Populaire du 13 février au 6 mars 1958, Note of 31 January 1958 from Jean Hugues, Trade Advisor at Berne to M. Mauris, the SNCF’s Chief Representative in Switzerland.
42 SNCF: Société Nationale des Chemins de Fer français.
43 Internal note no. 208 of 13 March 1958 – Presentation of the Pescara Locomotive to a Delegation from the PRC, Programme Sent by the SNCF’s Director of General Studies to C. Martin, Manager of equipment and traction.
44 Regarding electrification, telecommunication, signalling, the tracks and rolling equipment.
45 It was signed between the China National Transport Machinery Import Corporation and some French companies: the Matériel électrique, which was comprised of the SFAC (Schneider factories), the Forges et Ateliers de constructions électriques de Jeumont and the Matériel électrique S.W. (Schneider-Westinghouse); the Société générale de Constructions électriques et mécaniques Alsthom. The locomotives were to be delivered according to a fixed timetable between April and October 1960.
46 Contract no. 8 GKC 36201F, 1958. The unit price of an electric locomotive was fixed at 138,215 pounds; the total amounting to 3,455,375 pounds.
47 The merchant bank Louis-Dreyfus.
48 The role of the China Resources Company was to import into Hong Kong goods originating from the PRC. In October 1955, this office, which was based in Hong Kong, became not only an office of the CNIEC but also of all of the PRC’s technology corporations specializing in commerce and industry.
dollars spread over the years 1962 to 1964.\footnote{Telegram no. 328/330 of 20 December 1961 from the commercial advisor.}

The following table details the Franco-Chinese bilateral trade over the years 1957 to 1964. It shows not only the extent of the variation in volume but also that France enjoyed a massive surplus throughout.

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<th>Year</th>
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<td>26.06</td>
<td>17.95</td>
<td>21.38</td>
<td>28.82</td>
<td>24.49</td>
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Still, as for its overall trade balance with China, France trailed far behind many other countries – for imports as well as exports (between 7th and 12th places in this period). The competition intensified after the break in Sino-Soviet relations in 1960-1962. Henceforth, it was not enough to just offer good products at competitive prices, the financial and commercial modalities assumed a growing importance and cornering a market required more generous payment conditions, e.g. credit.

These commercial developments were made possible by the removal of several hurdles to trade internationally. The Sino-Soviet break in 1959-1960 forced China to review its trade flows and look for other suppliers. As a result, the share of the PRC’s imports from non-Communist countries rose from 43.2% in 1958 to 55.3% in 1962 (Eckstein 1971, 276-7), providing new opportunities. The end of the Algerian conflict removed yet another barrier as the PRC had recognised and supported the FLN, a fact that had been a big thorn in Franco-Chinese relations.

The autumn of 1963 saw Guillaume Georges-Picot lead an important French business delegation to China. He forged contacts at the highest echelons of the Chinese government,\footnote{He was received not only by Lu Suchang, but also by Chen Yi, Vice-Prime Minister and Minister of Foreign Affairs and Prime Minister Zhou Enlai.} which was interested mainly in the development of mechanical industries, ship building and the construction of an oil refinery. The visit also confirmed the Chinese government’s keen interest in the exchange of economic and technological missions.\footnote{Rapport Général de la Mission du Conseil National du Patronat Français en République Populaire de Chine (September-October 1963).} In the case of the business delegation, it was necessary to have direct contacts with the people at the highest levels of the Chinese Foreign Trade Department.\footnote{Apart from Lu Suchang and his department, the French delegation met not only engineers from public enterprises who were also advisors for the purchase and sale of products, but also competent officials from various technological ministries.} The CNPF delegation of 1963 highlighted the fact that the eco-
nomic and commercial relations inherited from the ’50s (indirect contacts) was no longer sufficient and that Franco-Chinese economic relations now required to be much more ‘private’ and ‘entrepreneurial’ than what they had been.\textsuperscript{53}

It was in this context of growing economic, technological and commercial relations that Charles de Gaulle declared, in January 1964, the decision to establish full diplomatic relations with the PRC (Krouck 2001; La Gorce 2004; Mengin 2001). This decision was first and foremost political, the recognition of a simple fact, the reality of a Communist China.

But from another point of view, de Gaulle’s decision could also be considered as the culmination of the process of increasing economic contacts. In this sense, it would be no exaggeration to say that this political result could have been, \textit{a posteriori}, why diplomats had begun thinking as early as 1949-1950 that a political rapprochement could well result, \textit{in fine}, of the actual contacts and the accumulation of small steps and micro-advances which were of little significance in themselves. Obviously, there is no question of minimising the decisive role played by the President in the decision of 1964, but of simply stating that it had been in preparation and had ripened over a succession of contacts.

The ’50s model ran its course and gave way to that of the ‘openly’ official. Henceforth, political and economic interests converged, with the consequence that both these spheres could now enjoy a relative autonomy.

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