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FM THE SITUATION ROOM//TOSCO 36//

TO GENERAL SCOWCROFT

T O P S E C R E T SENSITIVE EYES ONLY CONTAINS CODEWORD WH52351

TOSCO 36

NSA review completed.

DECEMBER 2, 1975

MEMORANDUM FOR GENERAL SCOWCROFT
FROM: THE SITUATION ROOM
SUBJECT: INFORMATION ITEMS

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

CHINA READY TO SIGN CONTRACT FOR WEST GERMAN PETROCHEMICAL PLANTS: THE CHINESE ARE REPORTEDLY READY TO SIGN A SIX PERCENT DEFERRED PAYMENT CONTRACT WITH A WEST GERMAN FIRM FOR A \$23.8 MILLION U.S.-LICENSED LINEAR ALKYL BENZENE (LAB) PLANT. AN INTERESTED JAPANESE GROUP REPORTED THAT THE CHINESE HAD REJECTED THEIR OFFER BECAUSE THEIR OWN GOVERNMENT-LIMITED 7.5 PERCENT INTEREST RATE WAS BETTERED BY THE SIX PERCENT OFFER OF THE WEST GERMAN FIRM. ACCORDING TO THE REPORT, THE CHINESE HAD FREQUENTLY STATED THEIR DISSATISFACTION WITH THE WASHINGTON AGREEMENT AND THEREFORE WERE TAKING THIS OPPORTUNITY TO POINT OUT THEIR CONTINUING OPPOSITION TO IT BY DECIDING ON THE WEST GERMAN OFFER. NEGOTIATIONS FOR THE 50,000 TONS-PER-YEAR LAB PLANT HAVE BEEN IN PROGRESS SINCE JULY 1974 WITH REPRESENTATIVES OF JAPANESE, WEST GERMAN, AND ITALIAN FIRMS. THE CHINESE APPARENTLY HAVE SIGNED A SEPARATE TECHNOLOGY CONTRACT WITH A U.S. FIRM FOR THIS PROJECT, A DEPARTURE FROM PREVIOUS WHOLE PLANT CONTRACTS WHEREIN TECHNOLOGY AND CONSTRUCTION WERE INCLUDED UNDER ONE CONTRACT.

MORI/CDF per C03205363

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***** WHSR COMMENT *****

SDD, SEC FLE

PSN:036043 RECALLED PAGE 01 TOR:335/22:02Z DTG:021015Z DEC 75

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