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- (A) In general statement of principles not acceptable as basis for negotiations because not intended to further shipments to Communist areas but to stop them.
- (B) Provisions of basic agreement between UNRRA and Chinese Government concerning observation inspection reporting are entirely acceptable but this should not mean complete freedom of movement for personnel.
- (0) 50,000 ton program inequitable.
- (D) CLARA unable understand why freezing of movements Chefoo and Grand Canal accepted as basis for discussion. Since Chefoo fishing port and Grand Canal main transportation artery in Shantung and Hopei, this tantamount to asking inhabitants give up normal livelihood during UNRRA shipments. As to military movements Ling wondered if UNRRA prepared ask Nationalist stop all military movements under similar conditions in corresponding Nationalist ports. In any case military movements would not impede successful implementation program.
- (E) Pending completion negotiations all (repeat <u>all</u>) UNRRA supplies should be impounded and eventually all remaining UNRRA supplies should go to liberated areas especially in view of failure so far to assist Yellow River victims.
- (4) Assume Ling attempting transmit above views to Tung Pi Wu. We await answers from Tung and Chefoo.
- (5) Meantime UNRRA and CNRRA staffs being temporarily evacuated from Chefoo owing military situation. Evacuation ship due leave Shanghai 6 September. This answers your 7708.