

Oil for the Lamps of America? Sino-American Oil Diplomacy, 1973–1979

When Richard Nixon and Zhou Enlai agreed on an expansion of Sino-American trade in the Shanghai Communiqué in February 1972, few expected it to grow from less than \$10 million in 1971 to more than \$2 billion at the end of the decade.¹ Of various commodities traded between the United States and China in the 1970s, oil accounted for a negligible proportion. The first U.S. import of Chinese oil in 1978—3.6 million barrels—covered only one-sixth of U.S. consumption per day. Nevertheless, Chinese oil export to the United States had political and economic significance beyond what the diminutive amount suggested. In fact, due to the oil crisis of 1973, oil played a unique role in facilitating the development of Sino-American relations from the Nixon trip to normalization of relations in January 1979. The oil embargo by the Organization of Arab Petroleum Exporting Countries following the Arab-Israeli War in October 1973 exacerbated the growing energy crisis in the entire developed world, including the United States, which consumed more oil than any other country.² China, a vast country with enormous natural resources, not surprisingly loomed as a potential solution. In February 1974, *Hongqi*, the Chinese Communist Party's periodical, described the fate of the Western industrial world as “gloomy like a dying lamp.”³ While oil embodied the U.S. mission to bring the light of modernity to backward China in the early twentieth century, as depicted by Tisdale Hobart's famous novel *Oil for the Lamps of China*, Chinese oil might bring light—not in the figurative sense but in the literal sense—to the “gloomy” lamps of America in the 1970s.⁴

1. John De Pauw, *U.S.-Chinese Trade Negotiations* (New York, 1981), 5.

2. Steven Schneider, *The Oil Price Revolution* (Baltimore, MD, 1983), chap. 5; Kenneth Rodman, *Sanctity Versus Sovereignty: The United States and the Nationalization of Natural Resource Investments* (New York, 1988), 236–65; Robert Lifset, “A New Understanding of the American Energy Crisis of the 1970s,” *Historical Social Research* 39, no. 4 (2014): 22–30.

3. Chang Jian, “Zai suowei ‘nengyuan weiji’ de beihou” [Behind the So-Called ‘Energy Crisis’] *Hongqi* [Red Flag] 2 (1974): 83.

4. Tisdale Hobart, *Oil for the Lamps of China* (New York, 1933); Noel Pugach, “Standard Oil and Petroleum Development in Early Republican China,” *Business History Review* 45, no. 4 (Winter 1971): 452–73.

By focusing on oil, this article sheds new light on Sino-American relations in the 1970s. Historians are now just beginning to explore bilateral economic relations.⁵ Few scholars, however, have thus far examined the significance of oil, a strategic commodity that shaped “the American century,” in Sino-American relations or broader U.S. Cold War strategy in the decade.⁶ In analyzing Sino-American oil relations, this article pays close attention to American businessmen. Following the Nixon trip, a State Department study group submitted a paper in March 1972, advising the U.S. government to facilitate the “formation of a private ‘Sino-American Trade Council’” to assist bilateral trade.⁷ In May 1973, major American corporations, including Chase Manhattan Bank, Hewlett-Packard, Boeing, and Cargill, established the National Council on U.S.-China Trade (hereafter the NCUSCT) and selected Christopher Phillips, the former deputy United Nations (UN) representative, as the president. In the absence of formal diplomatic relations, the NCUSCT and its member corporations spearheaded the U.S. pursuit of Chinese oil.

This article also analyzes Chinese perspectives. Following Mao Zedong’s call for self-reliance, the Chinese built their own oil industry with technical assistance from the Russians, who provided equipment and technicians for numerous projects in the 1950s, including the Karamai and Dushanzi oilfields in Xiangjiang.⁸ China’s oil industry continued to develop in the 1960s with the discoveries of Daqing in Heilongjiang in 1959, Shengli in Shandong in 1961, and Dagang near Tianjin in 1963. Despite the withdrawal of Soviet technicians in 1960 and the subsequent crude oil embargo, China imported petroleum products and equipment not only from the Eastern bloc, including Hungary,

5. Evelyn Goh, *Constructing the U.S. Rapprochement with China, 1961–1974: From “Red Menace” to “Tacit Ally”* (New York, 2005); Yafeng Xia, *Negotiating with the Enemy: U.S.-China Talks during the Cold War, 1949–1972* (Bloomington, IN, 2006); William Kirby, Robert Ross, and Li Gong, eds., *Normalization of U.S.-China Relations: An International History* (Cambridge, MA, 2007); Chris Tudda, *A Cold War Turning Point: Nixon and China, 1969–1972* (Baton Rouge, LA, 2012); Special Forum, “Transforming the Cold War: The United States and China, 1969–1980,” in *Diplomatic History* 33, no. 4 (2009); William Burr, “‘Casting a Shadow’ Over Trade: The Problem of Private Claims and Blocked Assets in U.S.-China Relations, 1972–1975,” *Diplomatic History* 33, no. 2 (2009), 315–49; Mao Lin, “Doing Business with China: Trade and Sino-American Relations, 1966–1974,” *American Review of China Studies* 13, no. 2 (2012): 92–127; Min Song, “A Dissonance in Mao’s Revolution: Chinese Agricultural Imports from the United States, 1972–1978,” *Diplomatic History* 38, no. 2 (2014): 409–30.

6. David Painter, “Oil and the American Century,” *Journal of American History* 99, no. 1 (2012): 24; David Painter, “From the Nixon to the Carter Doctrine,” in *American Energy Policy in the 1970s*, ed. Robert Lifset (Norman, OK, 2014), 61–92; David Painter, “Oil and Geopolitics: The Oil Crises of the 1970s and the Cold War,” *Historical Social Research* 39, no. 4 (2014): 186–208.

7. Memo, John Holdridge and Robert Hormats to Henry Kissinger, nd, *Foreign Relations of the United States* (hereafter *FRUS*), 1969–1976, vol. XVII, China, 1969–1972, ed. Steven E. Phillips (Washington, DC, 2006), doc. 217, 865.

8. Chu-yuan Cheng, *Economic Relations Between Peking and Moscow: 1949–63* (New York, 1964), 33, 36; Sidney Klein, *The Road Divides: Economic Aspects of the Sino-Soviet Dispute* (Hong Kong, 1966), 56; Tatsu Kambara and Christopher Howe, *China and the Global Energy Crisis: Development and Prospects for China’s Oil and Natural Gas* (Northampton, MA, 2007), 11.

Romania, East Germany, and Albania, but also from the Western bloc, especially France, Italy, and Japan, attaining self-sufficiency in oil in the early 1960s.⁹ Between the mid-1960s and the late 1970s, Chinese oil production increased from 0.2 million barrels per day (bpd) to more than 2.1 million bpd, providing a crucial input for China's economic development. In addition, Beijing also expanded its petroleum export from 37 thousand bpd in 1973 to 270 thousand bpd in 1979 in order to gain foreign currency to purchase equipment for modernization.

Table 1: China's crude oil production, consumption, and export, 1965-1980 (1,000 bpd)¹⁰

| Year | Production | Consumption | Export |
|------|------------|-------------|--------|
| 1965 | 227 | 216 | 4 |
| 1966 | 292 | 277 | 4 |
| 1967 | 279 | 274 | 3 |
| 1968 | 320 | 299 | 3 |
| 1969 | 437 | 402 | 2 |
| 1970 | 616 | 556 | 4 |
| 1971 | 791 | 755 | 5 |
| 1972 | 915 | 867 | 13 |
| 1973 | 1,077 | 1,061 | 37 |
| 1974 | 1,302 | 1,220 | 102 |
| 1975 | 1,548 | 1,346 | 198 |
| 1976 | 1,746 | 1,539 | 171 |
| 1977 | 1,880 | 1,630 | 183 |
| 1978 | 2,090 | 1,823 | 227 |
| 1979 | 2,132 | 1,831 | 270 |
| 1980 | 2,122 | 1,690 | 267 |

As shall be discussed, oil helped to advance Sino-American relations in the 1970s in three ways. First, China's potential as an alternative to Middle Eastern oil fascinated American businessmen after the oil shock of 1973, when China started to export oil to capitalist countries. Second, American interest nonetheless soon shifted to Chinese imports of U.S. petroleum technology, especially offshore equipment, although the Middle East analogy persisted throughout the 1970s. Third, with Sino-American technology cooperation evolving in the late 1970s, the United States and China came to see oil as a symbol of their strategic partnership against the expansion of Soviet influence in the resource-rich

9. Arthur Klinghoffer, "Sino-Soviet Relations and the Politics of Oil," *Asian Survey* 16, no. 6 (1976): 542-43; Chad Mitcham, *China's Economic Relations with the West and Japan, 1949-79: Grain, Trade and Diplomacy* (New York, 2005), 118-19, 122, 142-43, 156-57, 180-81; Kim Woodard, *The International Energy Relations of China* (Stanford, CA, 1980), 528-33, 546, 550.

10. *BP Statistical Review of World Energy 2016—Data Workbook*, accessed April 5, 2016, <http://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html>; The National Bureau of Statistics, ed., *Zhongguo tongji nianjian* [Statistical Yearbook of China], 1983 (Beijing, 1983), 433.

developing world. American oilmen, with their constant search for business with China, played a crucial role throughout the process. Although this article does not claim that oil alone determined the course of Sino-American relations in the 1970s, its economic and strategic value had considerable impact on the winding path toward normalization of relations.

THE MYTH OF "ANOTHER MIDDLE EAST"

American interest in Chinese oil revived with an oceanographic survey conducted in late 1968 by the U.N. Economic Commission for Asia and the Far East. It concluded that the "shallow sea floor," in the East China Sea, "one of the few large continental shelves of the world that has remained untested by the drill," might "contain one of the most prolific oil and gas reservoirs in the world, possibly comparing favorably with the Persian Gulf area."¹¹ The report prompted U.S. oil companies to start geological surveys in cooperation with Taiwan, South Korea, and Japan in the early 1970s.¹² American oilmen and scholars started to pay greater attention to China's oil potential in late 1973, however, when Japan, in desperate search of an alternative to Middle Eastern oil, became the first noncommunist country to import Chinese oil. Although the amount was only 7.3 million barrels, approximately one-fifth of Japan's weekly consumption, it was not China's current oil production but its potential—unknown but presumed to be vast—that stimulated the imagination of American businessmen. In the first NCUSCT visit to China in November 1973, Andrew Gibson, the president of Interstate Oil Transport Company, conveyed to the China Council for Promotion of International Trade (hereafter CCPIT), the Chinese government organization to promote trade with foreign countries, their interest in "assisting China with onshore and offshore oil and gas exploration, as well as petroleum production and refining facilities," predicting that the Americans would be "very likely to be customers for such [petroleum] products."¹³ In response, Vice Premier Li Xiannian evasively answered that the Chinese themselves were still trying to determine the scale of China's oil reserves. "In fact," he stated, "Chinese technicians had been directed to drill very deep into the earth in the search for oil reserves, but to refrain from drilling too deep so as not to drill through to the United States."¹⁴

Li Xiannian's tantalizing words intrigued the U.S. business community. To raise public awareness of China's oil prospects, Phillips predicted in the spring

11. Kenneth Emery et al., "Geological Structure and Some Water Characteristics of the East China Sea and the Yellow Sea," in Coordinating Committee for Geoscience Programs in East and Southeast Asia (CCOP) *Technical Bulletin*, 2 (1969): 41.

12. Selig Harrison, *China, Oil, and Asia: Conflict Ahead?* (New York, 1977), chaps. 5–7.

13. Remarks of Andrew Gibson, November 6, 1973, "Special Reports #6 The Peking Report March 1974," box 158, United States-China Business Council (hereafter USCBC), Gerald R. Ford Library (hereafter GFL); General Discussion, November 7, 1973, "Special Reports #6 The Peking Report March 1974," box 158, USCBC, GFL.

14. Summary of Meeting with Li Hsien-nien, November 8, 1973, "Special Reports #6 The Peking Report March 1974," box 158, USCBC, GFL.

of 1974 that the Chinese would sell oil products worth \$1 billion annually in five years and \$2 billion in ten years.¹⁵ “As one looks ahead in the next 5 to 10 years,” he argued, “the possibilities of [U.S.] petroleum purchases from China are not to be discounted.”¹⁶ Nicholas Ludlow, the NCUSCT’s publication and resources director also observed that by 1985, American oil companies might become “a key bond linking the two economies,” as China would “have bought substantial offshore oil equipment . . . from US firms” and “be entering into arrangements with US oil firms and neighboring states to supply oil and related products.”¹⁷ While calling China’s current oil export “a peanut,” American oilmen had been “knocking on their door” to probe into Beijing’s interest in joint petroleum development since Beijing first invited them to the bi-annual Canton Trade Fair in April 1973, a move that David Bruce, the chief of the U.S. Liaison Office in Beijing, called a sign of China’s “growing interest in oil.”¹⁸ Selig Harrison, a senior analyst at the Carnegie Endowment for International Peace, observed that American oil firms sought to obtain access to Chinese oil to prevent “the possible emergence of a new power center in the world oil trade beyond the reach of the ‘Seven Sisters.’”¹⁹ In the wake of the first Chinese petroleum engineer delegation in late 1975, Raymond Cox, the vice president of Geospace Corporation, the first company selling advanced seismic exploration equipment to China, asserted, “I think China is another Middle East, but it’s going to take a while. They are moving fast, however.”²⁰ Absurd as it may sound in the light of the minuscule amount of China’s actual oil export, the Middle East analogy remained popular throughout the 1970s. Harrison interviewed more than 200 oil experts around the world and concluded in 1975 that Chinese oil production would reach the level of Saudi Arabia—more than 8 million bpd—by 1988.²¹ Even in 1978, when China’s oil industry faced mounting problems, geologist Arthur Meyerhoff estimated that its annual output could reach 6.6 million bpd by 1985.²²

15. “China Seen Raising Oil-Products Sales,” *New York Times*, April 3, 1974, 65.

16. *Trade Reform Act of 1973: Hearings on H.R. 10710, Day 14, Before the Senate Comm. on Finance*, 93rd Cong. 1721 (1974) (statement of Christopher Phillips, President of the NCUSCT).

17. Nicholas Ludlow, “China’s Oil,” *U.S.-China Business Review* 1, no. 1 (January–February 1974), 27; Nicholas Ludlow, “U.S. Companies and China’s Oil Development,” *New York Times*, March 3, 1974, 136.

18. Joseph Lelyveld, “China Is Increasing Oil-Export Deals,” *New York Times*, January 5, 1974, 40; Telegram, U.S. Consul Hong Kong to William Rogers, May 16, 1973, 1973HONGKO4839, Electronic Telegrams 1973, Central Foreign Policy Files 7/1/1973–12/31/1978 (hereafter CFPF), Record Group (hereafter RG) 59, National Archives (hereafter USNA), retrieved from the Access to Archival Databases, accessed February 1, 2016, <http://www.archives.gov>.

19. Harrison, *China, Oil, and Asia*, 236.

20. James Sterba, “Peking Purchasing U.S. Oil Equipment to Step Up Output,” *New York Times*, November 28, 1975, 63.

21. Selig Harrison, “Time Bomb in East Asia,” *Foreign Policy* 20 (Autumn, 1975), 3–4.

22. “Newsletter,” *The Oil and Gas Journal*, July 31, 1978, 4.

Outside business circles, politicians and scholars also used China's oil potential for their own purposes. Mike Mansfield, a long-time supporter of closer ties with China, emphasized the nation's "very great" oil potential, which would become "a major factor in the world petroleum trade" in the next decade.²³ Ronald Reagan, then governor of California, home to numerous oil companies, also argued during the 1976 campaign that the United States, while maintaining diplomatic relations with Taiwan, might offer "advanced technology and industrial development" to China in return for "its substantial oil reserves."²⁴ In addition, Ping-ti Ho, a China-born historian at the University of Chicago and a vocal advocate of Sino-American normalization, bluntly maintained that China, with known oil deposits "larger than presently known reserves of the entire Mideast," might become "an oil giant" in the future, providing "a counterweight to Arab dominance of the oil trade" and supplying "much of the petroleum needs of Japan and perhaps the United States." Ho urged Washington to normalize relations with Beijing at the cost of Taipei, as it would prompt the Chinese to "make large-scale purchases of U.S. oil equipment, which . . . could lead to a U.S.-China oil agreement."²⁵

Although Chinese oil production concentrated on onshore oilfields, "the real pot of gold" for U.S. oil firms was the continental shelf in the South China Sea, the East China Sea, and the Yellow Sea disputed by China, Taiwan, South Korea, Japan, South Vietnam, and the Philippines.²⁶ Although the Nixon and Gerald Ford administrations called the area "a potential powder keg" and instructed American oil companies not to participate in development projects with other governments in order to maintain neutrality and avoid provoking Beijing, American oilmen's thirst for offshore oil near China proved hard to quench.²⁷ A Gulf Oil official, for example, bluntly told Harrison, "No oil company will withdraw from that part of the world until oil has been found and we've forced a resolve. . . . Not until the claims have been resolved and we've been told by the governments concerned. Finding oil would act as a catalyst." With China moving "systematically offshore" due to its political ideology of self-reliance and economic imperative for modernization, Harrison thus foresaw a "time bomb" in East Asia.²⁸

23. Mike Mansfield, "China: A Quarter Century after the Founding of the People's Republic," report to the Committee on Foreign Relations, U.S. Senate (Washington, DC, 1975), 26.

24. Ronald Reagan, "Expanding Our Ties with China," *New York Times*, July 28, 1976, 24.

25. Ping-ti Ho, "Huge Oil Deposits Could Weaken Arab Dominance," *Los Angeles Times*, October 13, 1974, G1, G4.

26. Nicholas Chriss, "Offshore Oil—China Has Plenty for Lamps and Maybe for World," *Los Angeles Times*, April 27, 1974, 10.

27. Department of State Bureau of Intelligence and Research, *South China Sea: Up for Grabs*, September 14, 1971, "U/S-M 91F Petroleum Technology Exports, Original Drafts, 9/1972," box 3, Lot File 74D213, RG 59, USNA; Harrison, *China, Oil, and Asia*, 1-2, 130-31, 177-78.

28. Harrison, "Time Bomb," 14, 20-21.

Optimism regarding China's oil prospects, though widespread, was nonetheless far from dominant. Numerous energy experts presented a soberer view that China's enormous domestic demand would pose a major constraint on oil exports.²⁹ China scholars also mentioned China's foreign trade ideology as a more fundamental barrier. Alexander Eckstein of the University of Michigan maintained that China's offshore program required joint production with multinational oil companies, "apparently on terms that are not compatible with China's self-reliance policy, even with the more liberalized interpretation of that concept prevailing recently." He thus predicted "a slower development" in China's offshore oil production in the years to come.³⁰ Columbia professor Victor Li also astutely observed, "One cannot help but wonder whether these oil hopes are just another version of the myth of the China market which, like its many predecessors, may well produce far more expectations than results."³¹

The U.S. government, of course, had long noticed China's oil potential. Roger Sullivan, a China specialist at the State Department, submitted a study on U.S. petroleum technology exports to China in May 1973, which concluded that China had "substantial reserves" that would "permit continued rapid expansion of petroleum production." Nevertheless, because Beijing would use most of its oil for industrial and military uses, its exports would have a "minimal impact on the world energy situation."³² With the world oil price quadrupling and U.S. oil production gradually declining in late 1973, however, Washington had to reconsider its energy strategy.³³ In November 1973, Nixon famously declared his plan for energy self-sufficiency by 1980 in his Project Independence speech. Although Nixon's original plan mainly focused on stimulating investment in domestic energy resources by seeking, albeit unsuccessfully, to remove price controls, "exploration and development of new sources of oil" played a significant role in U.S. energy policy.³⁴

The Nixon and Ford administrations, however, never directly approached Beijing for bilateral oil deals. First, Washington probably harbored little illusion about Chinese oil potential. When Secretary of State Henry Kissinger discussed energy policy with Exxon officials in mid-1975, Chairman Clifton Garvin and

29. Tatsu Kambara, "The Petroleum Industry in China," *The China Quarterly* 60 (December 1974): 718; Vaclav Smil, "Energy in China: Achievements and Prospects," *The China Quarterly* 65 (March 1976): 80.

30. Alexander Eckstein, *China's Economic Revolution* (New York, 1977), 264.

31. Victor Li, ed., *Law and Politics in China's Foreign Trade* (Seattle, WA, 1976), 10.

32. Under Secretaries Committee Study on Sale of Petroleum Industry Services, Equipment and Technology to the People's Republic of China, May 1973, "U/SM 91F—U. Sec. Study on Sale of Petroleum Drilling Services, Equipment and Technology to PRC," box 3, Lot File 74D213, RG 59, USNA.

33. Schneider, *Oil Price Revolution*, 103, 195.

34. "Commentary: Where Policymaking Falls Short," *Business Week*, November 23, 1974, 80; Schneider, *Oil Price Revolution*, 326–27; Rüdiger Graf, "Claiming Sovereignty in the Oil Crisis 'Project Independence' and Global Interdependence in the United States," *Historical Social Research* 39, no. 4 (2014): 54–57.

his predecessor John Jamieson dismissed the possibility of significant oil imports from China.³⁵ Although initially expecting Chinese oil exports to reach one million bpd in 1980 even without offshore development, the Central Intelligence Agency (CIA) also reported later that due to its huge domestic demand, if China were to export a significant amount of oil, it would have to curtail economic growth and accept joint venture proposals from foreign companies, conditions Beijing seemed unlikely to tolerate.³⁶ Second, while negotiating broad trade issues, particularly Most Favored Nation status, and private claims and blocked assets, American and Chinese officials left business negotiations to private firms.³⁷ Washington thus paid careful attention to negotiations between U.S. oil companies and Chinese officials, especially after Beijing mentioned a potential oil bid to Esso in October 1974.³⁸ Indeed, Chinese oil sales to American oil companies remained possible before the fall of Deng Xiaoping in April 1976. The pragmatist vice premier not only advocated development of more petroleum resources for export but also acknowledged the possibility of Chinese oil sales to U.S. firms.³⁹ Oil negotiations intensified from late 1975 to early 1976, when Beijing invited Caltex, Exxon, Gulf, and Mobil to China to discuss oil purchase. Nevertheless, the Americans and Chinese never reached an agreement due to the high price and low quality of Chinese crude oil.⁴⁰

Shortly afterward, Ford requested a new study on U.S. energy policy, including an exploration of “possibilities for diversifying imports of energy.”⁴¹ In response, the interdepartmental report recommended, among other options, “Consider diversifying sources of oil through bilateral deals, looking closely at Mexico and Saudi Arabia and, less immediately, at Iran and China.”⁴² The Ford

35. Memorandum of Conversation, Kissinger, Garvin, and Jamieson, August 7, 1975, *FRUS*, 1969–1976, vol. XXXVII, Energy Crisis, 1974–1980, ed. Steven G. Galpern (Washington, DC, 2012), doc 75, 260–61.

36. CIA, *China: Petroleum Export Prospects*, August 1974, “People’s Republic of China—Oil,” box 9, NSC East Asian and Pacific Affairs Staff Files, National Security Adviser, GFL; CIA, *China: Energy Balance Projections*, November 1975, “Special Reports #15, Energy Balance Projections for the PRC, 1975–1985,” box 158, USCBC, GFL.

37. Min Song, “Economic Normalization: Sino-American Trade Relations from 1969 to 1980” (PhD diss., University of Georgia, 2009), 167–80; Burr, “‘Casting a Shadow’ Over Trade.”

38. Telegram, U.S. Consul Hong Kong to Kissinger, October 5, 1974, 1974HONGK12007, Electronic Telegrams 1974, CFPF, RG 59, USNA.

39. Chinese Communist Party Central Archives and Manuscript Division, ed., *Deng Xiaoping sixiang nianbian* [Chronicle of Deng Xiaoping Theory] (Beijing, 2011), 30; Telegram, U.S. Liaison Office (hereafter USLO) Peking to Kissinger, January 5, 1976, 1976PEKING00019, Electronic Telegrams 1976, CFPF, RG 59, USNA.

40. Telegram, U.S. Consul Hong Kong to USLO Peking, December 29, 1975, 1975HONGK15157, Electronic Telegrams 1975, CFPF, RG 59, USNA; Telegram, USLO Peking to Kissinger, February 23, 1976, 1976PEKING00300, Electronic Telegrams 1976, CFPF, RG 59, USNA.

41. National Security Study Memorandum 237, February 5, 1976, *FRUS*, 1969–1976, vol. XXXVII, doc. 93, 332.

42. Memo, Hormats to Brent Scowcroft, July 14, 1976, *FRUS*, 1969–1976, vol. XXXVII, doc. 99, 354.

administration, however, considered Chinese oil not so much a new energy source as leverage in oil negotiations elsewhere. In April 1976, Secretary of Commerce Elliot Richardson recommended he travel to China to discuss energy cooperation. He found Frank Zarb, the “energy czar” in the Federal Energy Administration, “strongly favorable” to his idea, while Kissinger, frustrated by the impasse in bilateral relations with China, remained “skeptical.” Recognizing the unlikelihood of immediate Chinese oil export, Richardson maintained that Washington should “take advantage of the uncertainty [of the China oil talk] to help in our continuing oil negotiations with the Soviets and the Iranians.”⁴³ Although Richardson’s trip never materialized, Beijing, as the commerce secretary himself admitted, would probably have rejected such a direct deal with the U.S. government. During Ford’s trip to China in December 1975, Kissinger mentioned to Foreign Minister Qiao Guanhua, “We are always prepared, when your oil production increases, we will be prepared if you want to discuss some purchases.” Qiao nonetheless quickly responded, “This is a question which we have to leave to the future.”⁴⁴

Beijing’s unwillingness to make oil deals with Washington reflected its distinctive oil policy. First, Beijing stressed its oil potential as a symbol of China’s new economic prowess. During his U.S. tour in November 1974, Huang Zhen, the chief of the Chinese Liaison Office in Washington, “repeatedly stressed to American business leaders a number of PRC commercial prospects and priorities, most notably the likelihood of increased oil exports.” At a dinner in Detroit hosted by the Ford Company, Huang stated, “In the long run one can certainly not exclude this possibility [of Chinese oil export to the United States] . . . From current surveys it seems China has a lot of oil.”⁴⁵ Second, the Chinese utilized oil as diplomatic leverage. They used oil export to Japan in the aftermath of the oil shock to dissuade Tokyo from investing in an energy development project in Siberia, which Moscow, Beijing’s primary adversary, sought to promote with foreign technology and credits. China also exported oil to its regional allies, such as North Korea and Vietnam, and other Asian neighbors that suffered from the Arab embargo, including Hong Kong, a legacy of Britain’s colonial rule, and Thailand and the Philippines, which still maintained diplomatic relations with Taiwan.⁴⁶

Third and most important, oil served Mao’s Three Worlds Theory, which condemned the U.S. and Soviet hegemony for engaging in predatory activities

43. Memo, Richardson to Richard Cheney, April 16, 1976, “Possible Elliot Richardson Trip,” box 1, Richard B. Cheney Files, GFL.

44. Memorandum of Conversation, December 2, 1975, *FRUS*, 1969–1976, vol. XVIII, China, 1973–1976, ed. David P. Nickles (Washington, DC, 2007), doc. 135, 875.

45. Report on Tour of Huang Chen and Party, November 2–10, 1974, “Administrative Files: Board of Directors Meetings, December 4, 1974—Business,” box 1, USCBC, GFL.

46. Jeronim Perović and Dunja Krempin, “‘The Key is in Our Hands’: Soviet Energy Strategy in Détente and the Global Oil Crises of the 1970s,” *Historical Social Research* 39, no. 4 (2014): 117–19, 123–28, 131; Arthur Klinghoffer, *The Soviet Union and International Oil Politics* (New York, 1977), 261–62, 276–77; Woodard, *International Energy Relations*, 504–5.

against the Third World.⁴⁷ For China, the global energy crisis emanated from inevitable internal contradictions in capitalism, not from the Arab embargo, and propelled the capitalist and imperialist countries to further exploit energy resources in the developing world.⁴⁸ The Chinese thus mocked Jimmy Carter's conservation policy, arguing, "As long as the U.S. imperialists compete with the Soviet revisionists for hegemony [in the Middle East] and continue their ... [wasteful] life style, energy conservation is impossible."⁴⁹ Deng asserted at the U.N. in April 1974 that China supported the just struggle of "the oppressed peoples and oppressed nations" against the U.S. and Soviet superpowers.⁵⁰ In October, Qiao also extolled "the oil battle" of the Arab world as a "historic pioneering action" against "imperialist plunder and exploitation."⁵¹ Moreover, when China's first drillship successfully operated in the East China Sea in mid-1974, the Chinese praised the crews for "assuming the great political responsibility for opposing U.S. and Soviet maritime hegemonies."⁵² For China, oil was, therefore, not only an economic endeavor but also a political weapon to enhance Beijing's global influence.

Accordingly, the Chinese rejected foreign cooperation in oil development. Even before the oil crisis, Radio Peking reported, "As a Socialist country, China must protect the underground resources which belong to the people."⁵³ Although the U.S. government suspected that Beijing might be looking for "some fig leaf" to cover a joint offshore venture, the Chinese even began to dismiss the possibility of Chinese oil export in late 1975, when the Gang of Four, a group of radicals who opposed pragmatists' policies, including foreign oil co-operation, initiated political attacks on Deng.⁵⁴ In October, Vice Foreign

47. CCP Central Archives and Manuscript Division, ed., *Mao Zedong waijiao wenxuan* [Collection of Mao Zedong's Diplomatic Manuscripts] (Beijing, 1994), 600-1; Kuisong Yang and Yafeng Xia, "Vacillating between Revolution and Détente: Mao's Changing Psyche and Policy toward the United States, 1966-1976," *Diplomatic History* 34, no. 2 (April 2010): 415-22.

48. Chang Chien, "Behind the So-Called 'Energy Crisis,'" *Peking Review*, March 15, 1974, 5-7; Chiu Pei-chiang, "'Energy Crisis' and Scramble for Energy Resources," *Peking Review*, September 28, 1973, 12-14.

49. The International Trade Research Center of the Ministry of Foreign Trade, ed., *Waimao diaoyan* [Foreign Trade Research] no. 199 (May 5, 1977).

50. "Excerpts from Chinese Address to U.N. Session on Raw Materials," *New York Times*, April 12, 1974, 12.

51. Kathleen Teltsch, "China, in U.N., Hails Arabs' Oil Weapon," *New York Times*, October 3, 1974, 89.

52. The Industry and Transportation Team of the Shanghai Municipal Revolutionary Committee, ed., *Gongjiao qingkuang* [Transportation Report] no. 296 (August 30, 1974), B246-2-1030-188, Shanghai Municipal Archive (hereafter SMA).

53. Choon-ho Park and Jerome Cohen, "Politics of China's Oil Weapon," *Foreign Policy* 20 (Autumn 1975), 35.

54. Telegram, Kissinger to USLO Peking, October 1, 1974, 1974STATE216477, Electronic Telegrams 1974, CFPF, RG 59, USNA; Frederick Teiwes and Warren Su, *The End of the Maoist Era: Chinese Politics during the Twilight of the Cultural Revolution, 1972-1976* (Armonk, NY, 2007), chap. 6; Kuo Chi, "Foreign Trade: Why the 'Gang of Four' Created Confusion," *Peking Review*, February 25, 1977, 17-18; Song, "Dissonance," 424; Song, "Economic Normalization," 207-8.

Trade Minister Yao Yilin explained to the U.S. world affairs delegation led by Cyrus Vance that while imports of U.S. offshore equipment “would not be excluded,” Beijing sought “no joint development of China’s oil industry.” He also claimed that despite the gradual increase in China’s oil export, it would not become “a ‘Middle East’ as a major exporter of oil.”⁵⁵ In the spring of 1976, Deng Xuelian from Sinochem Corporation also told NCUSCT Vice President Melvin Searls that China’s declining oil exports left “little chance of sales of Chinese crude to the US.”⁵⁶ Li Xiannian’s remark to Phillips in July in the heyday of the Gang of Four perhaps best illustrated China’s politicized view of oil. “Our pre-liberation leaders and the Russians concluded that there was little oil in China, but we didn’t agree,” he claimed, “our oil production has been modest. However, we intend to increase our search for petroleum, but not with the help of foreigners.”⁵⁷ Mao’s China, with its modest oil production and rigid ideology, thus proved far from “another Middle East” for the United States.

TOWARD “A NATURAL SWAP”

Contrary to its vocal insistence on self-reliance, China, in fact, showed keen interest in foreign petroleum technology. Li Xiannian declared in January 1973, “From the viewpoint of domestic buildup, we should also expand economic and technological exchanges with foreign countries to promote economic development of our country.”⁵⁸ While rejecting joint venture projects, CCPIT President Wang Yaoting suggested to the NCUSCT delegation in November 1973 that it did not mean China would “keep its door closed.”⁵⁹ Acknowledging U.S. offshore technology as “the world’s leader,” the Chinese indicated their ambition for technological imports on numerous other occasions, as long as business deals were conducted “in commercial channels.”⁶⁰

Accordingly, Beijing imported modern oil equipment from the Western bloc starting in 1972. The Chinese generally preferred to deal with Japanese or Western European firms because the United States not only lacked diplomatic relations with China but also implemented tight export control on strategic

55. Telegram, USLO Peking to Kissinger, October 14, 1975, 1975PEKING01951, Electronic Telegrams 1975, CFPF, RG 59, USNA.

56. Meeting with CHEMICALS Corporation, April 29, 1976, “Administrative Files: Subject File, Communication with members, 1976 (10),” box 35, USCBC, GFL.

57. Christopher Phillips, interviewed by Charles Kennedy, May 12, 1993, the Association for Diplomatic Studies and Training, Foreign Affairs Oral History Project, 25, accessed February 1, 2016, <http://www.adst.org/OH%20TOCs/Phillips,%20Christopher%20H.toc.pdf>.

58. CCP Central Manuscript Editorial Committee, ed., *Li Xiannian wenxuan* [Collection of Li Xiannian’s Manuscripts] (Beijing, 1989), 302.

59. Summary of National Council Meeting with CCPIT, November 7, 1973, “Special Reports #6—The Peking Report,” box 158, USCBC, GFL.

60. Telegram, USLO Peking to Kissinger, May 15, 1975, 1975PEKING00941, Electronic Telegrams 1975, CFPF, RG 59, USNA; Highlights of Codel Percy/Javits Meeting with PRC Foreign Trade Vice Minister, August 8, 1975, “Percy and Javits Delegation,” box 1, Subject File, China File, Donated Historical Materials, George H. W. Bush Library.

items. For instance, Control Data Corporation (CDC) failed to obtain an export license for its August 1974 sale of sophisticated computers for offshore exploration worth \$4 million until October 1977, much to Beijing's irritation.⁶¹ The Chinese, however, did purchase offshore equipment from American firms between 1973 and 1976, including seismic survey and computer equipment from Geospace (\$5.5 million), computerized well-logging equipment from Interdata (\$23 million), and seismic exploration systems from Digital Resources (\$1.7 million).⁶² Baker-Hughes also built schools in Beijing to offer technical training to Chinese engineers and established subsidiaries in Hong Kong to facilitate petroleum technology exports to the mainland.⁶³ As discussed below, the arrest of the Gang of Four in October 1976, followed by the rise of Hua Guofeng as a new chairman, accelerated Sino-American oil equipment trade in the late 1970s.

Though mesmerized by China's potential oil export, the Americans had long realized China's potential for importing U.S. oil technology. As early as August 1972, Ford, who visited China in June, mentioned "on- and off-shore mineral, oil and gas extraction methods" as potential U.S. exports to China.⁶⁴ In the aftermath of the oil crisis, William Miller, *Industry Week's* Washington resident editor, envisioned that if China decided to cultivate its oil resources, there would be "a natural swap: Chinese oil for U.S. oil technology."⁶⁵ Miller's idea of "a natural swap" indeed made good sense when published statistics indicated that Chinese energy technology had lagged behind that of the United States for half a century.⁶⁶ While China's overall imports from the United States declined precipitously in 1975 and 1976, Phillips observed in the wake of China's petroleum engineer delegation, "If the Chinese want something bad enough and can only get it in this country, in terms of quality, they'll probably buy it willy-nilly."⁶⁷ The establishment of the Petroleum Equipment Committee within the NCUSCT in April 1976, the biggest among exporter committees created for each industry, embodied American businessmen's growing interest in petroleum equipment exports to China.⁶⁸

In June 1976, the NCUSCT, along with the Petroleum Equipment Suppliers Association and the Houston World Trade Association, held a conference on China's oil industry in Houston. Predicting that China would become "an industrial nation which few corporate planners will want to ignore" by

61. Song, "Economic Normalization," 210-15.

62. Woodard, *International Energy Relations*, 546-47.

63. Mitcham, *China's Economic Relations*, 213.

64. H.R. Doc. No. 92-337, at 9 (1972).

65. William Miller, "Where is U.S.-China Trade Headed?" *Industry Week*, April 29, 1974, 41.

66. Smil, "Energy in China," 59.

67. Sterba, "Peking Purchasing U.S. Oil Equipment."

68. Petroleum Industry Committee of the National Council, Minutes of the Inaugural Meeting, April 7, 1976, "Exporter Committees, Petroleum Committee, Meetings, 1976-78," box 86, USCBC, GFL.

1985, Phillips described oil as “a key element in determining how far and how fast that industrial growth proceeds.”⁶⁹ Michel Oksenberg of the University of Michigan also emphasized natural resources, especially oil, as the key to maximizing China’s industrial growth. “They can accelerate the development of their own natural resources by importing the technology, the equipment to tap that,” he observed.⁷⁰ Moreover, Jan-Olaf Willums of Norway’s Saga Petroleum, then a researcher at MIT, argued that China had reached “a point where sole reliance on indigenous creativity does not produce the desired technical and economical results within a reasonable amount of time.” Although the development of China’s offshore technology was “extremely rapid,” the Chinese should seek “some Western know-how,” as their oil industry shifted from “a Russian technology way” to “a Western technology way.” Willums, along with other speakers, thus encouraged American oilmen to increase business with the Chinese, whom he described as “not only hardware buyers, but also know-how buyers.”⁷¹

Hua came to power just as the Americans became increasingly anxious for technology sales to China in late 1976. While publicly inheriting Maoism, the new chairman possessed a different economic philosophy—the so-called “Western-led Leap Forward”—characterized by determination for rapid industrialization and modernization with foreign inputs. At the May 1977 national industrial conference at Daqing oilfield, Hua, while praising the “revolutionary spirit” of Daqing engineers, proclaimed, “The development and construction of the oilfield absorbed some foreign technology without walking on their old path.” “If we have more . . . great successes like Daqing, we should be able to catch up and surpass the world’s modern economic and technological standards,” he averred. The chairman even pledged to build ten Daqing oilfields by 1980.⁷² Furthermore, Hua, among other goals, hoped to achieve 5 million bpd in oil production before the end of the Sixth Five-Year Plan in 1985, an ambitious plan that later proved “naïve” and “unrealistic.”⁷³ While Mao had initiated

69. Christopher Phillips, “US-China Trade and the National Council,” June 23, 1976, “Conference on China’s Oil Industry and the Prospect for United States Trade, Houston, 6/20/76, Speeches,” box 118, USCBC, GFL.

70. Michel Oksenberg, “China’s Political Scene,” June 23, 1976, “Conference on China’s Oil Industry and the Prospect for United States Trade, Houston, 6/20/76, Speeches,” box 118, USCBC, GFL.

71. Jan-Olaf Willums, “The Development of China’s Petroleum Industry,” June 23, 1976, “Conference on China’s Oil Industry and the Prospect for United States Trade, Houston, 6/20/76, Speeches,” box 118, USCBC, GFL.

72. “Zhongguo gongchandang zhongyang weiyuanhui zhuxi guowuyuan zongli Hua Guofeng tongzhi zai quanguo gongye xue Daqing huiyi shang de jianghua” [“Chinese Communist Party Central Committee Chairman and State Council Premier Comrade Hua Guofeng’s Speech at the National Conference on ‘Learn from Daqing in Industry’”], (May 9, 1977), *People’s Daily*, May 13, 1977, 2, 3.

73. Ye Yonglie, *Deng Xiaoping gaibian Zhongguo: Cong Hua Guofeng dao Deng Xiaoping* [Deng Xiaoping Transforms China: From Hua Guofeng to Deng Xiaoping] (Chengdu, Sichuan, 2014), 440–42; Ezra Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA, 2011), 185, 190.

modern technology imports earlier, Hua, therefore, called for a greater leap by setting it as China's national agenda.

Hua's rise further galvanized U.S. business interest in China's potential as a technology buyer. Citing M. W. Kellogg's \$205 million sale of eight chemical fertilizer plants, Robert Piccus, the vice president of I.T.T. Far East and Pacific, speculated in January 1977, "In those areas where the United States has the technology, China will buy from us regardless of normalization."⁷⁴ Although lionizing Zhou instead of Hua, Holger Hansen, the general manager of the East Asiatic Company, also asserted at the NCUSCT annual meeting in June, "The prospect of China becoming an economic and trading super-power by that date [2000, as suggested by Zhou's plan for the "four modernizations" in agriculture, industry, national defense, and science and technology] is not silly nor pretentious, but a quite rational assessment." He extolled "the Chou Plan" for bringing China to "a new stage in its economic development," creating an "opportunity" for American firms to sell "equipment and know-how."⁷⁵ In addition, Willums estimated that China was "very likely" to increase imports of Western offshore technology, which made China "an interesting market, but not the great bonanza once predicted."⁷⁶ American businessmen and scholars thus clearly understood the opportunities that the post-Mao leadership presented for U.S. oil technology exporters.

With Hua openly embracing imports of Western technology, the Chinese pursued U.S. equipment more actively than before. Beijing, for example, sent a petroleum delegation in June 1977, which showed avid interests in jack-up rigs, seismic exploration equipment, and drilling equipment during its extensive tour of forty-seven petroleum companies and production sites throughout the United States.⁷⁷ The CCPIT's three-week trip to the United States in September further revealed China's aspiration to tap U.S. technology. Although originally planned as a general business trip to study the U.S. market and industry, the Chinese requested specific, in-depth technical exchanges at numerous industrial venues shortly before their arrival, including an excursion to offshore production facilities near New Orleans. Describing one of the primary purposes of the delegation as getting "acquainted with the development of your industrial technology," Wang Yaoting asserted, "In order to develop trade we must first of all have a firsthand understanding of the advanced technology and industry." While publicly adhering to Mao's guidance for self-reliance, he candidly told

74. Fox Butterfield, "The China Trade: Hopes for Growth," *New York Times*, January 30, 1977, p. IES 45.

75. Holger Hansen's Speech at the National Council's Annual Membership Meeting, June 16, 1977, "Administrative Files: Annual Meetings, June 16, 1977, Phillips, Christopher H. [President]," box 6, USCBC, GFL.

76. Jan-Olaf Willums, "China's Offshore Petroleum," *China Business Review* 4, no. 4 (July-August 1977), 6-14.

77. Chinese Petroleum Equipment Delegation, Trip Report, nd, "Delegation Department, Petroleum Equipment Delegation, June-July 1977, Trip Reports," box 92, USCBC, GFL.

the NCUSCT leaders, "By self-reliance we don't mean self-seclusion so we have the interest to take in the advanced technology from foreign countries. It is beneficial to speed up the industrialization in China."⁷⁸ When the Chinese were shown petrochemical products made from Daqing oil at one facility, which "greatly impressed the delegation members," they indicated that China would need "considerable help in building the plants necessary to develop their oil industry."⁷⁹ In a meeting with Representative John Brademas, Wang also expressed China's desire for "closer collaboration in the fields of technology," although it must "be based on further improvements of political relations."⁸⁰

In exchange for Chinese visitors, the NCUSCT sent two petroleum equipment delegations in November 1977 and September 1978, when American oilmen witnessed the obsolete facilities of China's oil industry. One drilling rig in Shengli oilfield, for instance, "impressed the group as being at about the 1945 U.S. level." They estimated that "the Chinese could use everything the West has to offer in drilling."⁸¹ "We assumed they had at least the basic instrumentation on their rigs," Buddy Dixon, the general manager at Martin Decker Company, recounted after observing 1,500 oil wells in Daqing, "As we found out later, they have practically nothing." Using such words as "crude," "antique," and "old-fashioned," he speculated that even the much-celebrated Daqing oilfield would not be "an economic endeavor" by U.S. standards. He bluntly reported, "They have done a reasonable job with what they had available, but for them to progress and fulfill their next 5-Year Plan, it is rather apparent they are going to have to go outside and buy equipment. I think they understood this."⁸²

The Chinese certainly did. Although the U.S. share in China's energy technology imports remained only 10% in the 1970s, Beijing bought U.S. modern petroleum equipment more eagerly between 1977 and 1978 than before, including offshore drilling rigs (\$15–20 million) from Armco, a seismic exploration system (\$3.7 million) from Digital Resources, and drilling bits and cutters (\$17 million) from Hughes Tool.⁸³ Foreign Trade Minister Li Qiang told a U.S. congressional delegation led by Senator Alan Cranston of California in January 1978, "We will develop our oil industry. . . . Our oil output will be raised if we develop our oil industry. So we will catch up, not only with you, but with other

78. CCPIT Business Meeting, September 8, 1977, "September 1977—CCPIT from China, Business Meeting (2)," box 125, USCBC, GFL.

79. Report, Visit by the CCPIT to the United States, September 6–25, 1977, nd, "September 1977—CCPIT from China, Business Meeting, 9/8/77 (2)," box 125, USCBC, GFL.

80. CCPIT Meeting on the Hill, September 9, 1977, "September 177—CCPIT from China, Notes on Meetings," box 125, USCBC, GFL.

81. Stephen Harner's Trip Report, nd, "Delegations Department, Petroleum Industry Delegation, 11/77, Trip Report (1)," box 107, USCBC, GFL.

82. B. R. Dixon to China File, December 1, 1978, "Delegations Department, Petroleum Industry Delegation, 9/78, Trip Report," box 111, USCBC, GFL.

83. Woodard, *International Energy Relations*, 82, 548–49.

countries as well.”⁸⁴ As Beijing sent out numerous technical delegations overseas, Phillips observed, “I think this reflects the greatly increased importance that the new Chinese leadership attaches to trade. . . . They consider that there is nothing inconsistent between a policy of self-reliance and acquiring foreign technology, foreign equipment.”⁸⁵ In 1978, China, in fact, drastically expanded technological imports by accepting foreign loans, which increased the trade deficit with the United States to more than \$1 billion.⁸⁶ The post-Mao leadership, therefore, no longer adhered to the dogma of “self-reliance.”

BECOMING “A POLITICAL PROBLEM”

With Sino-American petroleum equipment trade accelerating in the late 1970s, broader diplomatic relations between Washington and Beijing also entered a new phase due to changing Cold War realities. Accusing the Soviet Union of delaying the Strategic Arms Limitation Talks and expanding its influence in Ethiopia, Afghanistan, South Yemen, and Iran, National Security Adviser Zbigniew Brzezinski, backed by Vice President Walter Mondale and Secretary of Defense Harold Brown, repeatedly counseled Carter on strategic responses, including normalization of Sino-American relations.⁸⁷ He warned that Soviet activities in the Third World threatened U.S. access to oil when the proportion of Middle Eastern and North African oil in its total oil imports increased from 19% in 1973 to 43% in 1978.⁸⁸ While it is unlikely that Brzezinski viewed China as an alternative oil supplier, he hoped to advance strategic ties with Beijing, which, one CIA report argued, also loathed the Soviet threat to oil supplies to Western Europe, Japan, and the United States, countries that Beijing viewed as “important obstacles to the growth of Soviet influence.”⁸⁹ Beijing, indeed, shared Brzezinski’s concern about Soviet activities. Li Xiannian, for example, warned Representative John Slack, “[the Soviet Union] will eventually make trouble in your oil supplies in the Middle East and your raw material supplies from Africa, both for the US and Western Europe.”⁹⁰

84. Telegram, USLO Peking to Vance, January 10, 1978, NLC-26-36-3-6-4, Remote Archives Capture (hereafter RAC), Jimmy Carter Library (hereafter JCL).

85. U.S. Companies and China’s Oil (Inserts in Tape Library), August 18, 1978, “Oil Survey Delegation, General (1),” box 126, USCBC, GFL.

86. Song, “Dissonance,” 428–29; De Pauw, *U.S.-Chinese Trade Negotiations*, 5.

87. Raymond Garthoff, *Détente and Confrontation: American-Soviet Relations from Nixon to Reagan* (Washington, DC, 1994), chaps. 18–20; Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (New York, 2007), 273–82, 296–98, 299–306; Vladislav Zubok, *A Failed Empire: The Soviet Union in the Cold War from Stalin to Gorbachev* (Chapel Hill, NC, 2007), 259–64.

88. Zbigniew Brzezinski, *Power and Principle: Memoirs of the National Security Adviser, 1977–1981* (New York, 1983), 177–81; Painter, “From the Nixon to the Carter Doctrine,” 75–83; Schneider, *Oil Price Revolution*, 106.

89. CIA, *China and the Horn of Africa*, May 12, 1978, NLC-26-27-7-5-2, RAC, JCL.

90. Telegram, USLO Peking to Vance, November 20, 1978, 1978PEKING03755, Electronic Telegrams 1978, CFPF, RG 59, USNA.

The shift in U.S. global strategy coincided with the political ascent of Deng in China, who was restored to his original posts in July 1977. He shared Brzezinski's antagonism toward Soviet expansionism in the Third World, especially in Vietnam, a former ally turned bitter rival for regional hegemony.⁹¹ Professor Oksenberg, now a senior National Security Council (NSC) staffer, astutely observed, "The Chinese have both nailed the coffin shut [for Sino-Soviet Relations by renouncing the Sino-Soviet alliance] and embarked on a strategy to modernize China by turning to the West." China, he asserted, was "leaning to one side again—this time our side."⁹² U.S. petroleum technology became a key catalyst for China's new "leaning-to-one-side" approach. The *People's Daily* editorial in July 1978 argued, "To modernize the petroleum industry, we should first modernize science and technology. . . . While seriously reviewing our own experience, we should also learn modern science and technology from foreign countries."⁹³

U.S. export control, however, posed a cumbersome barrier. Oksenberg reported that numerous companies, such as Union Oil, Fluor, Baker Tools, and CDC, criticized "recalcitrant bureaucracies" behind the export license process in the face of growing international competition for the China market.⁹⁴ In late 1977, Brzezinski and Frank Press, Carter's science and technology adviser, successfully persuaded the president to expedite advanced technology exports to China, especially offshore equipment and large computers.⁹⁵ They also argued that liberalization of export control would serve U.S. interests by making China "a check on Soviet power, influence, and freedom of action."⁹⁶

In 1978, Press further advanced science and technology cooperation with China. To send "an immediate and strong message to the Soviet Union," he led a large science delegation to China in July and submitted an exchange proposal involving various agencies, including the National Aeronautics and Space Administration, the National Science Foundation, and the National Institutes of Health.⁹⁷ Deng welcomed Press's proposal. Praising the United States for being "in the foregoings of science and technology in the world," the vice premier frankly stated, "We want to use your capital, your equipment, and your

91. Vogel, *Deng Xiaoping*, chap. 9.

92. Memo, Oksenberg to Brzezinski, August 21, 1978, *FRUS*, 1977-1980, vol. XIII, China, ed. David P. Nickles (Washington, DC, 2013), doc. 130, 518.

93. "Wei chuangjian shi lai ge 'Daqing youtian' er douzhan" [Struggle to Build Some Ten 'Daqing Oilfields'], *People's Daily*, July 6, 1978, 1.

94. Memo, Oksenberg to Brzezinski, October 7, 1977, "China (PRC), 10/77-1/78," box 8, Country Files, Brzezinski Material, National Security Adviser, JCL.

95. Memo, Brzezinski to Carter, June 14, 1977, *FRUS*, 1977-1980, vol. XIII, doc. 31; Memo, Press to Carter, October 14, 1977, *FRUS*, 1977-1980, vol. XIII, doc. 64.

96. The response to Section III of the Presidential Review Memorandum 24, nd, "Policy Process: 9-12/77," box 56, Far East, Staff Material, National Security Adviser, JCL.

97. Memo, Press to Brzezinski, March 13, 1978, "China (PRC), 2-5/78," box 8, Country Files, Brzezinski Material, National Security Adviser, JCL.

technology and to repay you with our own products.”⁹⁸ In October, a Policy Review Committee led by Press recommended specific action plans for Sino-American science cooperation, which the science adviser argued would exert “influence on the PRC’s future domestic and international orientation and, perhaps, moderating Soviet foreign policy conduct.”⁹⁹ In the following month, Press’s initiative crystallized in the Presidential Directive 43, which included co-operation in energy, education, space, agriculture, medicine, geoscience, and commerce as part of the U.S. strategy toward China.¹⁰⁰

Further indication of Chinese interest in U.S. oil technology came in May 1978, when Beijing drastically changed its offshore policy. Reversing its long-held rejection of foreign participation in offshore development, Beijing openly invited four U.S. oil companies—Pennzoil, Exxon, Union Oil, and Phillips Petroleum—to China to discuss joint exploration and development of their offshore resources, a decision Larry Auldrige of the *Oil and Gas Journal* called “something of a revolution.”¹⁰¹ China’s unprecedented move, though allegedly intended “to draw out each of these companies, to stimulate their interest in China, and to play off one against the other,” dazzled American oilmen and policymakers.¹⁰² J. Hugh Liedtke of Pennzoil speculated, “My guess is that this has an extremely high priority [in the Chinese government], and the pressure is on to get something done.” One State Department official attributed the “revolutionary and very exciting development” in China’s oil policy to the rise of Deng, arguing, “What is happening now could simply not have been possible in the ideological climate in Peking three years ago.”¹⁰³

Loosening its policy for offshore cooperation with foreigners, Beijing invited oil companies around the world to a de-facto bidding on a production-sharing contract, an agreement on how much of the extracted oil the foreign company would obtain. Cognizant of the superiority of U.S. technology, the Chinese urged American oilmen to invest in Chinese offshore oil on generous terms by stressing competition with European and Japanese firms. “We want to select partner(s) on the basis of the level of their technology and the competitiveness of their terms,” Qin Wencai, the vice president of China Petroleum Corporation, boldly told Phillips in September, “We hope to come to terms with US companies regarding technology and price. . . . We hope to sign with US firms.”¹⁰⁴ Emphasizing the need for “speed” in offshore development,

98. Telegram, USLO Peking to Vance, July 12, 1978, 1978PEKING02110, Electronic Telegrams 1978, CFPP, RG 59, USNA.

99. Memo, Press to Carter, October 13 1978, “China (PRC), 9-11/78,” box 8, Country Files, Brzezinski Material, National Security Adviser, JCL.

100. Presidential Directive 43, November 3, 1978, *FRUS*, 1977–1980, vol. XIII, doc. 150.

101. Larry Auldrige, “Watching the World,” *The Oil and Gas Journal*, September 4, 1978, 56.

102. Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China: Leaders, Structures, and Processes* (Princeton, NJ, 1988), 219.

103. Hobart Rowen, “China’s Oil: Peking Turns to West for Its Technology,” *Washington Post*, August 11, 1978, A1, A8.

104. Meeting with Ministry of Chemical Industries, September 22, 1978, “Subject File, CHP Visit to Peking, 9/78,” box 338, USCBC, GFL. Parenthesis in original.

Zhang Wenbin, the president of China Petroleum Corporation, also told the NCUSCT president that Beijing invited foreign companies “to compete with each other in a given area, to have a race to see who discovers oil first.”¹⁰⁵ Faced with international competition, exemplified by a recent Japanese contract in the southern Bohai Gulf, the U.S. government came to oilmen’s assistance. In September, Secretary of Commerce Juanita Kreps urged Chai Zemin, the chief of the Chinese Liaison Office, to consider joint offshore projects with American firms, calling U.S. offshore technology “the world’s best.” Acknowledging the excellence of U.S. technology, Chai admitted “a need to introduce U.S. types of advanced technology into China.”¹⁰⁶

In retrospect, the abrupt shift in China’s offshore policy was far from surprising. China’s oil industry faced mounting problems in the late 1970s, when its production started to show signs of stagnation. Due to depletion of existing on-shore oilfields, China’s crude oil output plateaued between 2 and 2.1 million bpd from 1978 to 1983. At Daqing oilfield, by far the largest in China, production increased only 10% from 1 million bpd in 1981 to 1.1 million bpd in 1985. “Simply,” Canadian energy analyst Vaclav Smil later explained, “the Chinese . . . were sinking as many production wells as possible and pushing their fields with excessive water-flooding while engaging in what amounted . . . to only a perfunctory amount of geophysical exploration and wildcat drilling.”¹⁰⁷ Although Beijing purchased Japanese, Singaporean, Norwegian, and U.S. jack-up rigs before 1977 that could drill much deeper than its domestic rig, a few imports of foreign equipment hardly solved its difficulties in offshore exploration.¹⁰⁸ When he accompanied the first U.S. petroleum delegation to China in November 1977, Robert Scott, the editor of the *World Oil* journal, noted, “A number of Romanian and Soviet manufactured rigs [that China imported in the 1950s and 1960s] are still operating in the Shengli area.” In addition to technological backwardness, China’s oil industry suffered “a shortage of technically trained personnel,” which Scott viewed as “perhaps its greatest need.” “Most of the work force are in their early 20s, and are relatively inexperienced in operations,” he reported, “The large number of shut in wells and equipment out of service awaiting repair attests to the need for trained people on the technician level.”¹⁰⁹ Kang Shi’en, the director of the State Economic Commission and the leading official in China’s oil industry, indeed admitted the need to invite multinational oil corporations—“yesterday’s paragons of capitalist evil”—in offshore

105. Meeting with China Petroleum Corporation, September 23, 1978, “Subject File, CHP Visit to Peking, 9/78,” box 338, USCBC, GFL.

106. Memorandum of Conversation, September 7, 1978, *FRUS*, 1977–1980, vol. XIII, doc. 133, 528.

107. Vaclav Smil, *Energy in China’s Modernization: Advances and Limitations* (Armonk, NY, 1988), 96, 98, 100.

108. Woodard, *International Energy Relations*, 204.

109. Robert Scott, “Oil and Gas in China,” *World Oil* 186, no. 7 (June 1978): 107, 111.

development due to China's lack of capital and technology, while claiming, "Sovereignty is still in our hands."¹¹⁰

The U.S. government perhaps recognized the problems facing China's oil industry. As early as June 1977, the CIA pointed out Beijing's urgent need for foreign cooperation due to the depletion of its most accessible oilfields. It maintained that the Chinese could overcome the difficulties "virtually overnight by changing policy to allow foreign participation."¹¹¹ Another CIA report in February 1978 also mentioned China's oil challenges, including "technical problems" in oil production and "rapidly increasing domestic demand."¹¹² Following Beijing's offshore policy change, the CIA attributed China's increasingly tight energy balance to its "amazing willingness" to allow foreign companies to explore offshore oilfields.¹¹³

With Sino-American private petroleum cooperation making rapid headway, the importance of oil in bilateral diplomacy also surged in 1978. While numerous public figures, including Edward Kennedy, expressed their support for oil cooperation between Washington and Beijing, few understood its strategic context better than Henry "Scoop" Jackson, the chairman of the Senate Energy Committee, and James Schlesinger, the secretary of energy.¹¹⁴ With moral and strategic hostility toward the Soviet Union due to its human rights violations and anti-U.S. activities in the Third World, Jackson and Schlesinger strongly opposed Soviet-American détente and insisted on building a strategic partnership with China to confront the Soviet menace. Jackson had been a supporter of Sino-American rapprochement since 1966.¹¹⁵ In his first trip to China in July 1974, Jackson met Deng, who convinced him of "many areas in which American interests parallel those of the Chinese," including opposition to Soviet activism in the Persian Gulf. "We must grasp this moment in history—when geopolitical considerations have brought our two countries together," he later proclaimed, "to build a web of relations which will promote peace, especially as China moves ahead to become a nuclear and industrial power."¹¹⁶ To be sure, Jackson was "disturbed" by limits on emigration in China.

110. Smil, *Energy*, 98; The State Council, *Haishang shiyou kantan gongzuo xietiaobui jianbao* [Report on the Coordination Meeting on Offshore Oil Exploration], November 8, 1979, B1-9-67-122, SMA; Zhou Yongkang, ed., *Kang Shi'en lun Zhongguo shiyou gongye* [Kang Shi'en Discusses China's Oil Industry] (Beijing, China), 348.

111. CIA, *China: Oil Production Prospects*, ER 77-10030 U, June 1977.

112. CIA, *Chinese Involvement with Western Technology: Possibilities and Constraints*, February 17, 1978, "PRC: Technology, 1-12/78," box 53, Far East, Staff Material, National Security Adviser, JCL.

113. CIA, *China: The Energy Situation*, October 11, 1978, "Schlesinger 11/78 Trip to China: Briefing Book [1], 10/78," box 61, Far East, Staff Material, National Security Adviser, JCL.

114. Edward Kennedy, "Ted Kennedy: Looking Beyond the Great Wall," *Los Angeles Times*, July 23, 1978, H1.

115. Lin, "Doing Business," 97-98; Robert Kaufman, *Henry M. Jackson: A Life in Politics* (Seattle, WA, 2000), 283-84.

116. Henry Jackson, "Back from Peking, Jackson Urges Closer Relationship for U.S., China," *Los Angeles Times*, July 12, 1974, B7.

Nevertheless, he envisaged that China's development and internationalization, instead of "overt pressure" from the outside, would slowly improve its human rights situation.¹¹⁷ Schlesinger had also long supported a Sino-American tacit alliance. As an anti-Soviet secretary of defense in the Nixon and Ford administrations, he even discussed U.S. military assistance to China, complaining that Washington sent technological and economic aid to "a major foe," while denying the same to a "quasi-ally."¹¹⁸ After being dismissed from the office in November 1975, Schlesinger visited China in September 1976 at the invitation of the Chinese. During the visit, Hua criticized the "Munich mentality" of U.S.-Soviet détente and asserted that the United States and China be "pooling our efforts together against the polar bear."¹¹⁹ Schlesinger later pointed out "the continuing importance of the Chinese in maintaining a political equilibrium around the world."¹²⁰ In 1978, Jackson and Schlesinger utilized oil as a strategic commodity to promote Sino-American partnership against the Soviet Union.

In February, Jackson paid his second visit to China, where he boldly told the Chinese, "Seriously, it is in our interest to help you develop your oil . . . We have the finest technology in oil and coal development and can help."¹²¹ Jackson and Deng agreed upon most strategic issues, including a stronger NATO and U.S. bases in Japan and the Philippines, and called for a closer tie between Washington and Beijing against Moscow.¹²² In addition, the vice premier expressed his hope to "import modern technology and experience from around the world" and claimed, "If Sino-American relations normalize early, the pace of development in Sino-American trade can become much faster."¹²³ Deng's remarks, as well as his tour of Chinese energy sites, including Shengli oilfield, inspired Jackson. "The Chinese appear to be convinced that American petroleum technology is superior to that available anywhere else in the world," he argued in a news conference later, "They want to pay cash."¹²⁴ In his report to the Senate, Jackson insisted that Beijing was interested in "importing U.S. petroleum technology, service and equipment to a greater extent than heretofore," and its new energy strategy would have a "profound impact on the future world energy situation." The Senate Energy Committee chairman even urged the Department of Energy to take the initiative to deepen energy cooperation

117. S. Rep. No. 98-123, at 2 (1983).

118. Walter Pincus, "U.S. Considered China Military Aid—Schlesinger," *Los Angeles Times*, April 12, 1976, B1.

119. Telegram, USLO Peking to Kissinger, September 29, 1976, 1976PEKING01963, Electronic Telegrams 1976, CFPF, RG 59, USNA.

120. "Inside China Now," *U.S. News & World Report*, October 18, 1976, 42.

121. Mao Lin, "Sino-American Relations and the Diplomacy of Modernization: 1966-1979" (PhD diss., University of Georgia, 2010), 447.

122. Kaufman, *Henry M. Jackson*, 379-80.

123. *Deng Xiaoping sixiang nianbian*, 105-6.

124. "Jackson Says China Wants U.S. Oil Skill," *New York Times*, February 23, 1978, D1, D12.

between the U.S. and Chinese governments.¹²⁵ Jackson also understood the “strategic and economic value” of Chinese oil. He asserted that “a stronger China, able and determined to assure its own security” would be “an asset” for the United States to “maintain the strategic balance” against the Soviet Union. “Energy gives us an important opportunity to move toward a better relationship with China,” he maintained, “A program of consultation and cooperation on China’s energy development is in the national interest of both China and the United States.”¹²⁶

Privately, Jackson also played an instrumental role in the Carter administration’s China initiative. He sent a policy memorandum to the president in August 1977, claiming that Beijing would negotiate normalization of relations “only when they are convinced that we are determined to meet the global Soviet challenge.” The senator urged Carter to use “leverage over the Soviets by enhancing our relations with the Chinese” and “position ourselves for maximum advantage in the [U.S.-Soviet-Chinese] triangle.” Aware of China’s desire for U.S. oil technology to exploit its “substantial offshore oil,” Jackson also noted “favorable prospects, which should be quietly explored, to provide appropriate U.S. technology to the Chinese on a commercial basis.”¹²⁷ In May 1978, he met Brzezinski prior to his China trip and encouraged the national security adviser to gain Beijing’s “respect” as a hard-liner on Moscow to have a “frank” dialogue with the Chinese.¹²⁸ Carter agreed with Jackson’s recommendations and instructed Brzezinski to convey to the Chinese his determination to resist Soviet “big power ambitions” in the Third World.¹²⁹ Although he did not discuss oil cooperation in Beijing, Brzezinski concurred with the strategic views of the Chinese, who denounced Moscow for “carrying out frantic activities” in the Middle East and the Horn of Africa to “find some oil resources abroad.”¹³⁰ Brzezinski’s successful trip led to the initiation of normalization negotiations, which would conclude in mid-December.

Jackson’s suggestion for the Department of Energy to strengthen Sino-American energy cooperation was, indeed, timely in early 1978, when Schlesinger intended to do exactly that. In January, the Department of Energy hosted a Chinese petroleum delegation, the first Chinese delegation to visit the United States at the invitation of the U.S. government. Oksenberg instructed Schlesinger to inform the delegation of U.S. interests in the development of

125. S. Rep. No. 95-94, at 8 (1978).

126. Henry Jackson, “The Geopolitics of China’s Oil,” in U.S. China People’s Friendship Association of Ann Arbor Chapter, ed., *Friendship Newsletter* 3, no. 9 (April 1978), 16.

127. Memo, Jackson to Carter, August 5, 1977, “CO 34-2, Executive, 7/1/77-9/30/77,” box CO-17, WHCF Subject File, JCL.

128. Memo, Brzezinski to Carter, May 4, 1978, “China (People’s Republic of)—Brzezinski’s Trip (11/19/77-5/14/78),” box 9, Zbigniew Brzezinski Collection, JCL.

129. Memo, Carter to Brzezinski, nd, “China (People’s Republic of)—Brzezinski’s Trip (11/19/77-5/14/78),” box 9, Zbigniew Brzezinski Collection, JCL.

130. Memorandum of Conversation, May 22, 1978, *FRUS*, 1977-1980, vol. XIII, doc. 111, 451.

alternative energy resources around the world, including China, and in "China remaining self-sufficient and becoming a significant supplier of world energy supplies."¹³¹ As "a corps of citizen diplomats," American oilmen assisted the Chinese visitors as they toured petroleum production sites and research centers around the United States. "It is extremely significant in causing developments in international relations," J. Ray Pace, the president of Banker Trading Corporation, observed. "Right now, most of the push in improving relations is coming from the business community. We're having to do business with them over great obstacles." He saw the delegation as "an indication that [Chinese] policymakers have a real interest in the U.S. petroleum equipment industry as a source of technology, which will apparently be taken into account in augmenting the development of their own resources."¹³² To confirm this assumption, one Chinese delegation member remarked at a dinner banquet, "China realizes that for off-shore, they need assistance, their hands are too short. They need technology and they need equipment."¹³³

Schlesinger himself paid a return visit to China in October as part of Press's plans for science and technology cooperation. His negotiation with Vice Premier Yu Qiuli, the founder of China's oil industry, resulted in an informal agreement on energy collaboration in various areas, including coal, hydroelectric power, renewable energy, high-energy physics, and nuclear energy.¹³⁴ More significant, however, was their shared understanding of the political nature of oil. Schlesinger blamed Moscow for forming "a pincer-like encirclement" in the Persian Gulf, arousing political turmoil in the area. Referring to the imminent downturn in Soviet oil production predicted by the CIA, he also pointed out the possibility that the Soviet Union might expand southward in search of new oilfields.¹³⁵ The secretary of energy called Sino-American relations "extremely important" for "U.S. global strategy" and expressed his hope to "provide as much assistance as possible in accordance with Chinese needs" in the area of energy. Although oil, a major Soviet export commodity, "enabled the Kremlin to pay the price for imperial expansion," instead of necessitating it, Schlesinger's allegation concurred with Beijing's analysis.¹³⁶ Yu shared Schlesinger's assessment of Soviet oil ambition and condemned Moscow for trying to instigate uprisings, steal oil, and block oil transportation routes in the Middle East. "Soviet

131. Memo, Oksenberg to Brzezinski, January 27, 1978, "China (PCR), 10/77-1/78," box 8, Country Files, Brzezinski Material, National Security Adviser, JCL.

132. Bill Curry, "Tour by Chinese: Business Opportunity," *Washington Post*, January 17, 1978, A11.

133. Debriefing (transcript of), nd, "Delegations Department, Petroleum Delegation, January 1978, Debriefing, Transcripts of," box 94, USCBC, GFL.

134. Memo, Schlesinger to Carter, November 27, 1978, *FRUS*, 1977-1980, vol. XIII, doc 157.

135. CIA, *The International Energy Situation: Outlook to 1985*, ER 77-10240 U, April 1977; CIA, *Prospects for Soviet Oil Production*, ER 77-10270, April 1977; CIA, *Prospects for Soviet Oil Production: A Supplemental Analysis*, ER 77-10425, July 1977.

136. Zubok, *Failed Empire*, 249-51; Painter, "Oil and Geopolitics," 194-95; Westad, *Global Cold War*, 204, 241-43.

intervention there can directly threaten Western Europe, then Japan, and then you," the vice premier proclaimed, "Energy, therefore, is not only an economic problem but also a political problem."¹³⁷

To be sure, Beijing unequivocally refused the idea of oil cooperation between the U.S. and Chinese governments, especially in offshore development, in the absence of diplomatic relations. In technical discussions during the Schlesinger trip, the Chinese presentation on oil was "extremely superficial—much less forthcoming" than presentations on other energy areas. Qin Wencai told J. Wade Watkins of the Department of Energy that private companies should carry out oil negotiations, with the U.S. government playing only "a facilitative role."¹³⁸ This was in stark contrast with China's massive trade agreement with Japan in February, involving 345 million barrels of Chinese oil export in five years.¹³⁹ Beijing, however, had already set itself firmly on track for Sino-American oil cooperation by embarking on offshore exploration with U.S. oil firms. More important, owing to the efforts of Jackson and Schlesinger within the policy framework set by Brzezinski and Press, oil became a catalyst for strategic partnership between the United States and China against the Soviet Union.

CONCLUSION

Chinese oil, which intrigued so many Americans since 1973, finally came to the United States on November 21, 1978, when Coastal States Gas Corporation announced the first U.S. crude oil purchase from China. The import volume—3.6 million barrels—amounted to less than a sixth of the total U.S. oil supply per day. Nevertheless, as Don Hart, a State Department official, observed, it was one of the "signs of a new determination [of the Chinese] to establish ties of various kinds in the energy area."¹⁴⁰ Indeed, after normalization of relations, Washington and Beijing began energy collaboration in various areas. Most symbolically, Carter and Deng signed an agreement on science and technology cooperation in January 1979, when the vice premier visited the United States.¹⁴¹ Chinese ambition for petroleum production and processing technology also resulted in a series of business contracts with American firms from late 1978 to early 1979, including CDC's \$69 million sale of twelve large computers; LTV's \$40 million sale of seven drilling rigs; and Geosource's, Surcel's, and Texas Instruments's sales of seismic recording systems totaling \$39 million. Union

137. The Ministry of Petroleum Industry, ed., *Waishi qingkuang fanying* [External Affairs Report], no. 36, October 27, 1978, B76-4-1105-69, SMA.

138. Oil/Gas Technical Group, Summary, nd, NLC-26-62-2-1-2, RAC, JCL.

139. Andrew Malcom, "Japan and China Sign 8-Year Pact For \$20 Billion Industrial Deals," *New York Times*, February 17, 1978, A10.

140. William Stevens, "U.S. to Get Low-Sulfur Chinese Oil," *New York Times*, November 22, 1978, D1, D3.

141. Government Printing Office, ed., *Public Papers of the Presidents of the United States: Jimmy Carter, 1979* (Washington, D.C., 1979), 200-2.

Carbide, Union Oil, Allied Chemical, and Texaco also reached licensing and training agreements for Chinese oil and gas plants. Furthermore, in March 1979, Zhang Wenbin signed an agreement with ARCO on a geophysical reconnaissance program in China's offshore waters, the first exploration contract between the United States and China. In April, AMOCO, Citco, and Union Oil also reached similar agreements with the Chinese.¹⁴² Sino-American cooperation on offshore development flourished until the mid-1980s, when disappointing results of speculative exploration, more sober assessments of China's offshore potential, and the declining world oil price discouraged multinational oil companies from further investments.¹⁴³

American oilmen, therefore, made notable contribution to the development of Sino-American relations in the 1970s. Although massive Chinese oil export proved to be a "myth," as predicted by Victor Li, they used the myth to effect tangible change in bilateral relations by pursuing technology sales and offshore cooperation with the Chinese. As Ford commented in May 1975, the NCUSCT was indeed "due special credit" for promoting U.S. economic ties with China.¹⁴⁴ The U.S. government, however, never saw it as a crucial player in its China initiatives. Noting the Carter administration's "generally uncooperative attitude" and "complete lack of interest," Ludlow once lamented that the NCUSCT affected U.S. policy toward China "in the most subsidiary way."¹⁴⁵ Although American businessmen advanced oil cooperation with China in the absence of diplomatic relations, their influence on Sino-American diplomacy remained negligible.

Unlike oilmen, oil itself did impact U.S. policy toward China in the 1970s. Of course, U.S. and Chinese strategic interests against the Soviet Union, not economic interests in oil cooperation, prompted Washington and Beijing to normalize relations. Oil, however, underpinned these strategic interests. "It is also now better appreciated in some quarters," Jackson explained in his letter to Carter in October 1978, "that we share with China a common interest in key strategic issues, particularly a shared interest . . . in seeing that situations on the periphery of the Soviet Union do not deteriorate to the benefit of Soviet expansion."¹⁴⁶ Soviet activities near oil-rich Third World countries, which Washington and Beijing believed threatened U.S. and Chinese security interests, thus facilitated their diplomatic recognition.

142. "Exporter's Notes," in *China Business Review* 6, no. 1 (January-February 1979), 66-68; no. 2 (March-April 1979), 36; no. 3 (May-June 1979), 41.

143. Lieberthal and Oksenberg, *Policy Making*, 258-61; Kambara and Howe, *China and the Global Energy Crisis*, 33; Monique Taylor, *The Chinese State, Oil and Energy Security* (New York, 2014), 90-92.

144. Letter, Ford to Phillips, May 27, 1975, "Administrative Files: Annual Meetings, June 2, 1975, Board of Directors Kit (2)," box 5, USCBC, GFL.

145. Memo, Ludlow to Phillips and Stanley Young, August 15, 1978, "Oil Survey Delegation, General (1)," box 126, USCBC, GFL.

146. Letter, Jackson to Carter, October 13, 1978, "CO 34-2, Executive, 7/1/77-9/30/77," box CO-17, WHCF Subject File, JCL.

In the final analysis, Chinese oil failed to bring much light to the “gloomy” lamps of America in the 1970s. When Chinese oil export reached 270 thousand bpd in 1979, 209 thousand bpd went to its Asian neighbors, including Japan, the Philippines, and Thailand, and the trend continued in the 1980s.¹⁴⁷ China, therefore, never became “another Middle East” for the United States. Chinese oil, if anything, brought light to China’s own lamps. Although Chinese oil export stagnated from 1978 to 1983, the sharp rise in the world oil prices due to the second oil shock increased its earnings from \$1.2 billion in 1978 to \$4.7 billion in 1981—more than one-fifth of its total export earnings—allowing Beijing to import a large amount of foreign equipment during the “reform and opening-up.”¹⁴⁸

Although unable to reinvigorate the U.S. economy, Chinese oil nonetheless did ignite a fire for the Sino-American partnership. To be sure, some observers expressed reservations about the strategic implications of Chinese oil. Pointing out the possibility that China would use oil as leverage to affect U.S. or Japanese foreign policy, scholars Choon-ho Park and Jerome Cohen cautioned in 1975, “We should welcome China’s oil but recognize that, for us, enormous quantities of it may be a mixed blessing.”¹⁴⁹ Aware of Beijing’s desire to develop offshore capabilities to fight “a war of nerves” in the disputed waters “in preference to sending gunboats,” Harrison wrote in 1977, “The competition for offshore resources in East Asia will ultimately be shaped by the hard reality that China is steadily adding to its power advantage over its neighbors and will be able to employ both carrot and stick in promoting its own concept of cooperation.”¹⁵⁰ Most Americans, however, embraced the rise of China as an oil power. Urging the U.S. government to sever relations with Taiwan, Joe Gross of the U.S.-China People’s Friendship Association of Atlanta proclaimed in late 1978, “Time is running out. China’s emergence as an oil power, with its great potential for industrial and military strength, will soon create a new situation. We Americans had better face the facts.”¹⁵¹ The light Chinese oil brought to the lamps of America in the 1970s, however dim, portended this “new situation,” in which the United States and China transformed themselves from bitter Cold War enemies into strategic partners.

147. Kevin Fountain, “The Development of China’s Offshore Oil,” *China Business Review* 7, no. 1 (January–February 1980), 36.

148. Larry Chuen-ho Chow, “The Changing Role of Oil in Chinese Exports, 1974–89,” *The China Quarterly* 131 (September 1992), 757.

149. Park and Cohen, “Politics,” 49.

150. Harrison, *China*, 245, 263.

151. Joe Gross, “China’s Oil and Normalization,” in U.S.-China People’s Friendship Association of Ann Arbor Chapter, ed., *Friendship Newsletter* 4, no. 7 (October 8, 1978), 10, 14.