SUMMARY: The PRC-IRAN TANK COOPERATION PROJECT IS PROCEEDING. IRANIANS RAISE 125MM TANK AMMUNITION AS A POTENTIAL PROBLEM AREA FOR THE PROGRAM. IRANIANS ARE REPORTEDLY SATISFIED WITH THE ISRAELI DERIVED FIRE CONTROL SYSTEM, AND ARE AWARE OF THE SOURCE OF TECHNOLOGY. TEXT: 1. THAT THE 125MM SMOOTH BORE GUN TO BE INCLUDED IN THE NEW IRANIAN TANK IS CAUSING SOME PROBLEMS" FOR NORINCO. THE PROBLEM REGARDS SOURCE OFammunition. APPARENTLY THE IRANIANS
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ARE BALKING AT HAVING TO Rely ON THE CHINESE TO SUPPLY THEIR TANK AMMUNITION, AND HAVE RAISED THE AMMUNITION SUPPLY PROBLEM RECENTLY. [b](1,1.4 (c)] THAT THERE IS NO PROBLEM WITH THE ACTUAL AMMUNITION, AND WE CAN AND WILL BUY THE IRANIANS AMMUNITION MANUFACTURING CAPA-
BILITY. [b](1.1.4 (c)] CHARACTERIZED THE PROBLEM AS BEING A SMALL ONE, RAISED AT A TIME WHEN CONTRACT NEGOTIATIONS ARE PREPARING TO ENTER A NEW PHASE. [b](3,10 USC 424
(b)(3,10 USC 424)
(b)(1.1.4 (c)] HAD PREVIOUSLY INDICATED THAT NORINCO WOULD HAVE TO PROVIDE A PROTOTYPE OF THE NEW TANK FOR IRAN TO EXAMINE SOMETIME IN EARLY 1991. [b](3,10 USC 424
(b)(3,10 USC 424)
2. (b)(1,6)(3,10 USC 424,1.4 (c)] RESPONDING TO A DIRECT QUESTION, [b](1,6)(3,10 USC 424,1.4 (c)] STATED THAT THE IRANIANS ARE "WELL AWARE" OF THE U.S. AND ISRAELI TECHNOLOGY THAT IS INCLUDED IN NORINCO'S TANK (SPECIFICALLY THE FIRE CONTROL SYSTEM), AND DOES NOT MAKE An ISSUE OF THE FACT.
3. (b)(1,11,14 (c)] THAT THE ISRAELI-BASED FIRE CONTROL SYSTEM, PROVIDED BY SHAUL (EISENBERG) SEVERAL YEARS AGO, WORKS "QUITE WELL, BOTH FROM STABLE FIRING POSITIONS AND ON THE MOVE." [b](1,1.4 (c)] WAS UNABLE TO QUANTIFY "QUITE WELL," BUT NOTED THAT THE IRANIANS WERE SATISFIED WITH THE SYSTEMS FIRE ON THE MOVE PERFORMANCE.
COMMENTS: ?? (C/NF) [b](1,6)(3,10 USC 424,1.4 (c)]

//IPSP: (U) [b](3,10 USC 424,(b)(3,50 USC 403-1(i)]
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PROJ: (U)
COLL: (U)
INSTR: (U)
PREP: (U)
ACQ: (U)
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WARNING: (U) REPORT CLASSIFIED X = P/R = P/R = P/R
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