

~~SECRET~~



Defense Estimative Brief

Chinese Views on the Visit of the Secretary of Defense

~~(S)~~ Beijing will regard the visit of the Secretary of Defense as an opportunity to project an image of continuing close US-China friendship. As in the case of Secretary Weinberger's trip to China in 1983, which set the stage for initiating the military relationship, and his 1986 visit, which provided new impetus to these ties, the Chinese will want the forthcoming visit to prepare the ground for further progress.

~~(S/NF)~~ During the Secretary's visit, the Chinese will seek to offset possible negative US reaction to improvements in Sino-Soviet relations. In order to do this, they may suggest new ways to advance the US-China military relationship. For example, they may express a greater willingness to use Foreign Military Sales (FMS) in military upgrade programs. Accordingly, they also will be responsive to suggestions by the Secretary regarding avenues to further improvements. Moreover, the Chinese quite likely will be expecting that their suggestions of impending normalization of Sino-Soviet relations will exert a degree of leverage on the United States to be more forthcoming in meeting their requests for advanced technology transfers, particularly in the military sphere.

~~(S/NF)~~ We believe the Chinese have reassessed their foreign policies with a view toward accomplishing the full normalization of their relations with Moscow, a step that probably will be symbolized by a summit meeting within the next year. As occurred during Secretary of State Shultz's recent discussions in Beijing, the Chinese leaders will probably hint broadly at the possibility of further improvement of Sino-Soviet relations in order to prepare the US leadership for such an eventuality and to gauge the level of US concern, if any. They will be looking for ways to assuage US uneasiness and will be carefully assessing the Secretary's reactions.

~~NOT RELEASABLE TO FOREIGN NATIONALS~~

~~SECRET~~

~~(S/NF)~~ Even though Beijing is committed to an independent, non-aligned foreign policy, the Chinese view their bilateral ties with the United States as their most important external relationship, not only because of common strategic concerns, but because of China's need to ensure continued access to advanced Western technology. Beijing also considers its relations important for ensuring good relations with other Western nations and Japan, which are sources of high technology for China's economic modernization.

~~(S)~~ Chinese leaders will be prepared to discuss a broad range of security issues with the Secretary. They will be particularly interested in any remarks the Secretary may make regarding his recent discussions with Soviet leaders in Moscow and on the dialogue now taking place between US and Soviet military leaders.

~~(S/NF)~~ On specific issues the Chinese quite likely will reinforce many of the themes they expressed in discussions with Secretary Shultz in Beijing. For example they probably will:

- request US support for Chinese efforts to provide launch services for Western-made satellites, specifically with reference to their desire to launch an Australian (US made) satellite;

- try to deflect any US pressure for dialogue on the subject of proliferation of nuclear or chemical weapons or ballistic missile systems;

- defend their arms sales policy as "prudent and responsible" and repeat their insistence, however implausible, that their arms sales are designed to strengthen the self-defense of recipient countries, promote regional stability, and avoid interference in the internal affairs of other countries;

- repeat without elaboration what may become new symbols for regulating and evaluating US-China relations, namely, the "three obstacles": Taiwan, technology transfers, and the trade balance (the three T's).

Arms Sales

~~(S/NF)~~ Based on their evasive answer to the Secretary of State's proposal to discuss arms sales as a special issue, we believe the Chinese will be reluctant to be drawn into any

detailed discussion with the Secretary of Defense regarding the proliferation of nuclear or chemical weapons and ballistic missile systems. Our sense is that China probably will delay making a clear response to the US proposal for as long as possible. If the United States were to become insistent on the issue, they would place conditions on any such talks. For example, the Chinese might be agreeable if the United States were willing to liberalize technology transfers even further.

~~(S/NF)~~ The Chinese probably would engage in high level discussions on arms sales only as specific cases arise, in the expectation that international reactions to their sale of ballistic missiles to Saudi Arabia have peaked. The Chinese probably calculate that international concerns on this issue will gradually diminish in intensity, particularly in the wake of the anticipated reduction of tensions in the Middle East following the Iran-Iraq ceasefire. As a means of buying time, the Chinese might be agreeable to a US proposal for a lower-level experts group to address the issue of ballistic missile proliferation. In Chinese eyes the recommendations of any such group could be ignored by a variety of tactics at a later date.

~~(S/NF)~~ In our judgment, China will avoid making any blanket commitments limiting the sale of entire classes of weapons. The Chinese would not be responsive to unilateral US pressure on this subject, but would change their policy only if confronted with broad international criticism from other countries as well, including the Soviet Union, Israel, and the European Community. Regarding ballistic missile proliferation, the Chinese will be defensive and will be anxious to rebut any suggestion that Beijing is irresponsible. They will argue, for example, that their IRBM sale to Saudi Arabia is conducive to the peace, stability, and security of the region. The Chinese will deny that they have either produced or "provided" any such ballistic missiles to other countries, including those identified as having a 600 kilometer range. (While this is technically correct, firm evidence indicates that Beijing is negotiating with countries in the region regarding future sales of the missile after its development has been completed.) They will sidestep any question as to whether Beijing has reached an agreement to provide such missiles to Syria.

~~(S/NF)~~ On the question of nuclear proliferation, the Chinese will assert that they favor a comprehensive nuclear ban and the destruction of all nuclear weapons and will state clearly that China does not engage in nuclear proliferation. Regarding

chemical weapons, the Chinese will express their support for an international agreement at the Geneva conference on disarmament prohibiting these weapons.

Satellite Launch Program

~~(S/NF)~~ The Chinese will press the Secretary for a clear US commitment to approve the necessary export licenses to enable China to launch US-made satellites. They probably will renew previously-made assurances that US concerns over technology transfer issues will be satisfied through appropriate arrangements at the launch site permitting US manufacturers to retain complete control of their own satellites. They probably will remind the Secretary of the clear signals offered by Secretary Weinberger in 1986 that the US would approve satellite export licenses if technology transfer concerns are met.

Request for an AWACs

~~(S/NF)~~ The Chinese quite likely will renew their request for US assistance in upgrading China's air surveillance system by approving the release of appropriate technology and permitting the sale of suitable aircraft. Since an AWACs would enable China to meet near-term contingency needs along the Sino-Indian border or in the Spratly Islands, the Chinese probably will inject a note of urgency in their request and will be most appreciative if the Secretary were to respond favorably.

Cambodia

~~(S/NF)~~ Regarding the prospects for a political settlement of the Cambodia conflict, Chinese leaders will repeat their comments made to Secretary Shultz that China views the present situation as propitious for a settlement and will promote such a settlement. They will reassert their support for the US and ASEAN positions on this issue, in particular for the formation of a coalition government headed by Prince Sihanouk. They will assert that China does not support the return to power of the Khmer Rouge, but does support its participation in the coalition headed by Sihanouk. In addition, Chinese leaders may repeat their willingness to accept Cambodia's reversion to an economy based on private enterprise and their support for international supervision of the Vietnamese withdrawal and of settlement conditions, including disposition of the armed forces of the parties to the conflict and subsequent elections.

~~NOT RELEASABLE TO FOREIGN NATIONALS~~

The Chinese apparently are prepared to agree to any form of international supervision, including a peacekeeping force, if all Cambodian factions are agreeable to this.

~~(S/NF)~~ On the question of the Soviet use of naval facilities at Cam Ranh Bay, the Chinese have not recently stated their position clearly, and probably are willing to temporize on this issue. We suspect that Chinese leaders do not wish to complicate the Cambodian settlement process by raising this issue at this time, especially since they now assess that Moscow is sincere in seeking a Cambodian settlement. Whether, following a potential Cambodian settlement, the Chinese will choose to make the Soviet presence at Cam Ranh Bay into an "obstacle" hampering further improvements in Sino-Soviet relations is an open question. In our judgment, they may ignore this issue as long as progress is being made in solving other bilateral issues with the Soviets.

Korean Peninsula

~~(S/NF)~~ The Chinese will express their hope for peace and stability on the Korean peninsula and their desire to see a successful Olympics free from potential terrorist action. The Chinese will seek to enlist US support for promoting an extension of North-South contacts and for additional US efforts to establish a dialogue with North Korea in order to relieve its sense of isolation. The Chinese argue that such isolation creates pressure for closer ties between Pyongyang and Moscow. The Chinese would appreciate any comments the Secretary may choose to make regarding these issues, including US expectations and planning for Olympic security, as well as any comments on the military situation on the peninsula.

Taiwan

~~(S/NF)~~ The Chinese probably will avoid making any extensive comments on Taiwan. They will remind the Secretary, however, of China's hope that the United States will promote, rather than hinder, the process of China's reunification. At the present time, Chinese leaders appear optimistic that the trend toward increased contacts between China and Taiwan offers improved prospects for reunification. As a result, Chinese leaders may make a cautiously optimistic statement on such developments. In return, they will be satisfied to receive a pro forma US statement that the United States supports a reunified China as long as reunification is achieved

peacefully. They will also accept without comment any statement to the effect that the United States considers China's reunification to be a problem for the Chinese themselves to solve.

Philippine Base Negotiations

~~(S/NP)~~ The Chinese would be pleased to receive an update on the US base negotiations with the Philippines. Chinese policy toward the US bases has not been without a measure of ambivalence. Because they are cultivating good relations with the Aquino government, they will be generally noncommittal regarding US interests in maintaining unrestricted access to the Philippine bases. The Chinese probably will react to any US comments with a broad statement of appreciation for the US position.

Iran-Iraq War

~~(S/NP)~~ The Chinese would be interested in any comments the Secretary may wish to make regarding US views of the Iran-Iraq ceasefire and the postwar situation in that area. They would be particularly interested in any remarks regarding US expectations and intentions in the Persian Gulf. The Chinese almost certainly will continue their arms sales to Iran and, if it were to arise, would try to sidestep responding to any inquiry regarding the nature and scope of their sales. This remains a rather sensitive subject with the Chinese, who have not reacted with equanimity to the past US linkage of the arms sales issue to the liberalization of US technology transfers to China.

Implications for the United States

~~(S/NP)~~ Beijing will expect the Secretary to reassert the importance which the United States attaches to China and to the regional issues which concern China. In particular, the Chinese will be highly interested in hearing the Secretary's views on Gorbachev's policies toward Asia and their implications for the region. While the Chinese have their own agenda for the further improvement of Sino-Soviet relations, they continue to accord considerable weight to the US role in Asia as a strategic counter to the Soviets. They will want to hear, therefore, that there has been no change in the US perception of its role and interests in the region, particularly in view of recent developments in US-Soviet

~~SECRET~~

relations. They will expect the Secretary to express the firm resolve of the United States to proceed with caution in any new initiatives with the Soviets, despite the growing political detente and military contacts between Washington and Moscow. The Chinese believe that, while important changes have occurred under Gorbachev, these are primarily tactical in nature. They view Moscow's strategic objectives as essentially unchanged.

~~(S/NF)~~ In view of likely changes in Sino-Soviet relations, the Chinese will want to project an image of healthy stability in the existing Sino-US military relationship. They will continue to press for an expansion of US assistance to include more advanced military technology transfers. Moreover, the Chinese will continue to urge Sino-US cooperation in support of stability and peaceful development in the region.

~~NOT RELEASABLE TO FOREIGN NATIONALS~~

~~SECRET~~