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INCOMING TELEGRAM

Department of State

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SH86290

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INFO LOG-00 EAP-00 EUR-00 INRE-00 NEA-00 /008W
-----1B7605 151113Z /38

R 151107Z NOV 90

FM (b)(3):10 USC 424

TO DIA WASHDC

INFO RUHQQA/USCINCPAC HONOLULU HI/ (b)(3):50 USC 403-1(i)

(b)(3):50 USC 403-1(i)

CIA WASHDC/ (b)(3):50

DIRNSA FT. GEORGE G. MEADE MD/ (b)(3):50

(b)(3):10 USC 424

SECDEF WASHDC/ (b)(3):50 USC 403-1(i)

SECSTATE WASHDC/ (b)(3):50 USC 403-1(i)

NSC WASHDC

(b)(3):50 USC 403-1(i)

HQUSAF WASHDC/ (b)(3)

(b)(3):10 USC 424, (b)(3):50 USC 403-1(i)

[Redacted]

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M1/3

MORE ABOUT XIE AND POLY'S CURRENT POLICY ON ARMS SALES TO IRAQ.

2. XIE'S ASSESSMENT OF CHINA'S CURRENT INTERNAL AND EXTERNAL SITUATION CLOSELY MIRRORS THE STATED OPINIONS OF CHINA'S CURRENT LEADERSHIP. XIE HAS DONE A GREAT DEAL OF TRAVELING OF LATE, INCLUDING TRIPS TO EASTERN EUROPE (COUNTRIES UNNAMED) AND THE SOVIET UNION (IN SEPTEMBER). IN COMPARING SOVIET AND EASTERN EUROPEAN REFORMS WITH THOSE IN CHINA, XIE REPEATED THE OFT-STATED OFFICIAL LINE THAT CHINA'S REFORM AND OPENING ARE CONTINUING, BUT THAT IT CANNOT BE ACCOMPLISHED IN "500 DAYS" AND WILL TAKE YEARS TO COMPLETE THROUGH AN "ORDERLY PROGFSS". DESPITE THIS ALLUSION TO CURRENT SOVIET ATTEMPTS AT ECONOMIC REFORM AND CONCOMITANT SKEPTICISM CONCERNING SOVIET PRESIDENT (GORBACHEV)'S CHANCES FOR SUCCESS (AND EVEN PERHAPS FOR SURVIVAL), XIE STATED THAT HE HOPES SOVIET REFORMS WILL SUCCEED. SOMEWHAT CONTRADICTORILY, XIE THEN PROCEEDED TO MALIGN THE CONFUSED SITUATION NOW EXISTING IN THE FORMERLY COMMUNIST EASTERN EUROPEAN COUNTRIES, COMPARING THEIR CURRENT STAFF TO THAT OF CHINA DURING THE CULTURAL REVOLUTION. ACCORDING TO XIE, HOWEVER, CHINA'S SITUATION THEN WAS COMPARABLY

BETTER THAN THAT CURRENTLY FACED BY THE REFORMING EAST EUROPEAN COUNTRIES "BECAUSE AT LEAST WE HAD THE PLA TO MAINTAIN ORDER". THE ULTIMATE CONCLUSION DRAWN FROM ALL THIS, CLEARLY INTENDED FOR CONSUMPTION BY THE PREDOMINANTLY AMERICAN AUDIENCE, WAS THAT CHINA'S ENLIGHTENED POLICIES WILL LEAD TO STABILITY AND DEVELOPMENT, MAKING CHINA AN IDEAL PLACE FOR FUTURE INVESTMENT.

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SERIAL: (U) IIR (b)(3):10 USC 424

PASS: (U) (b)(3):10 USC 424, (b)(3):50 USC 403-1(i)

COUNTRY: (U) CHINA (CH); IRAQ (IZ); SOVIET UNION (UR).

SUBJECT: IIR (b)(3):10 USC 424 POLYTECHNOLOGIES PRESIDENT ON DOMESTIC AND INTERNATIONAL SITUATION AND ARMS SALES TO IRAQ (U)

WARNING: (U) THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE. REPORT CLASSIFIED

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DEPARTMENT OF DEFENSE

DOI: (U) 901112.

REQS: (U) (b)(3):10 USC 424

SOURCE: (U) (b)(1), (b)(3):10 USC 424, 1.4 (c)

SUMMARY: (U) POLYTECHNOLOGIES PRESIDENT DISCUSSES CHINA'S DOMESTIC AND INTERNATIONAL SITUATION AND ARMS SALES TO THE MIDDLE EAST.

TEXT: 1. DURING DISCUSSIONS AT AN AEROSPACE FORUM LUNCHEON IN BEIJING ON 901102, POLYTECHNOLOGIES PRESIDENT (XIE) DATONG EXPRESSED HIS VIEWS ON THE CURRENT INTERNAL AND EXTERNAL SITUATION FACING CHINA. IN ADDITION, [Redacted]

(b)(1), 1.4 (c) REVEALED

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R 151107 NOV 90

FH (b)(3):10 USC 424

TO DIA WASHDC

INFO RIHQHQA/USCINCPAC HONOLULU HI/ (b)(3):50

(b)(3):50 USC 403-1(i)

C:A WASHDC/(b)(3):50

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(b)(3):50 USC
403-1(i)

SECSTATE WASHDC

NSC WASHDC

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(b)(3):10 USC 424,(b)(3):50 USC 403-1(i)

(b)(1),(b)(3):10 USC 424,1.4 (c)

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SERIAL: (U) IIR (b)(3):10 USC 424

PASS: (U) (b)(3):10 USC 424,(b)(3):50 USC 403-1(i)

COUNTRY: (U) CHINA (CH); IRAQ (IZ); SOVIET UNION (UR)

SUBJECT: IIR (b)(3):10 USC 424 POLYTECHNOLOGIES PRESIDENT

3. AS THE SUBJECT TURNED TO US-CHINA RELATIONS,

(b)(1),1.4 (c) VIEW THAT

RECENT IMPROVEMENTS IN THE OVERALL US-CHINA RELATIONSHIP BROUGHT ABOUT BY COOPERATION IN DEALING WITH THE PERSIAN GULF CRISIS WOULD BE DESTROYED IF CHINA WERE DISCOVERED SELLING ADDITIONAL ARMS TO IRAQ. XIE DID NOT RESPOND DIRECTLY TO THIS PROBE.

(b)(1),1.4 (c)

THAT DURING THE IRAN-IRAQ CONFLICT, HIS LONG-TIME ACQUAINTANCE XIE HAD CANDIDLY ADMITTED THAT CHINA -- AND POLY IN PARTICULAR -- WAS SELLING ARMAMENTS TO BOTH SIDES AND THAT, MOREOVER, CHINA WAS USING THIRD COUNTRY CUTOITS TO DEFELECT INTERNATIONAL CRITICISM. RECENTLY (EXACT TIME UNSPECIFIED) (b)(1),1.4 (c) QUERIED XIE FOR A SIMILARLY CANDID STATEMENT OF POLY'S CURRENT ACTIVITIES WITH RESPECT TO IRAQ.

(b)(1),1.4 (c)

XIE RESPONDED THAT "THIS TIME, WE CANNOT AFFORD TO DO IT" (SELL ARMS TO IRAQ, EITHER DIRECTLY OR THROUGH THIRD COUNTRIES).

COMMENTS: 1. (U) (b)(1),(b)(3):10 USC 424,1.4 (c)

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INFO LOG-00 EAP-00 EUR-00 INRE-00 NEA-00 /008W
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FM (b)(3):10 USC 424

TO DIA WASHDC

INFO RUHQHQA/USCINCPAC HONOLULU HI / (b)(3):50 USC 403-1(i)

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(b)(3):50 USC 403-1(i)

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SERIAL: (U) IIR (b)(3):10 USC 424

PASS: (U) (b)(3):10 USC 424, (b)(3):50 USC 403-1

COUNTRY: (U) CHINA (CH); IRAQ (IZ); SOVIET UNION (UR)

SUBJECT: IIR (b)(3):10 USC 424 POLYTECHNOLOGIES PRESIDENT

INSTR: (U) (b)(3):10 USC 424, (b)(3):50 USC 403-1(i)

PREP: (U)

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