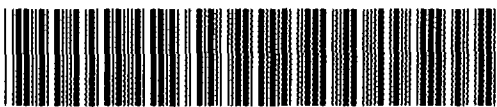


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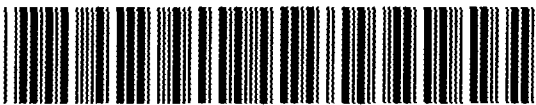
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DOC NO - 12



ENCL NO - 0

TITLE - IIR 6 814 0606 88

INDEX NO - 6 814 0606 88

DATE - NO DATE

DOCUMENT TYPE - INTELLIGENCE I

MEDIA TYPE - PAPER (LETTER OR

SCANNED - KODAK 5500D

MSGNO 6 (MIIR) RSB *18/05/88* *00:11*
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R 180334Z MAY 88
FM JCS WASHINGTON DC
TO (b)(3):50 USC 403-1(i)

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INFO RUEADWD/OCSA WASHINGTON DC
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EZ1:

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EZ2:

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); LIBYA (LY); ALBANIA (AL)
SUBJECT: IIR (b)(3):10 USC 424 PRC-LIBYA CONNECTION (U)
WARNING: (U) THIS IS AN INFORMATION REPORT, NOT
FINALLY EVALUATED INTELLIGENCE. REPORT
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DEPARTMENT OF DEFENSE

DOI: (U) 880513

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

SOURCE: 1. ~~C/NF/WN~~ / (b)(1),(b)(3):10 USC 424.1.4 (c)

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

SUMMARY: INFO OF A NORINCO-LIBYA ARMS CONNECTION AND POSSIBLE USE OF LIBYA AS A TRANSFER POINT FOR WEAPONS BOUND FOR IRAN. POSSIBLE SALE OF F-7'S TO ALBANIA AND POLYTECH'S ROLE AS A BANKER OF ARMS SALES PROCEEDS DISCUSSED.

TEXT: 1. NORINCO CURRENTLY HAS A DELEGATION IN LIBYA, THAT NORINCO WAS "INVOLVED" WITH LIBYA AND OPINED THAT NORINCO WAS USING OR NEGOTIATING TO USE LIBYA AS A TRANSSHIPMENT POINT FOR ITS EQUIPMENT BEING SOLD TO IRAN. STATED, BY WAY OF CONTRAST, THAT IRAQ HAS NO CONTACT WITH LIBYA.

2. ON A RELATED MATTER, HE KNEW OF A POSSIBLE SALE OF CHINESE F-7 AIRCRAFT TO ALBANIA (NFI).

3. DURING A DISCUSSION OF ARMS SALES FUNDING, THAT THE INDIVIDUAL ARMED SERVICES OF THE PLA BANKS PROCEEDS FROM THE SALE OF ARMS WITH POLY TECHNOLOGIES, INC. THESE FUNDS EARN INTEREST AND THE SERVICES ARE ABLE TO DRAW UPON "A SHARE" OF THOSE FUNDS FOR THEIR OWN USE.

COMMENTS: 1. WHAT IS LEFT UNCLEAR IS WHETHER LIBYA IS THE INTENDED END-USER OF ANY NORINCO EQUIPMENT IT MAY RECEIVE, OR IF LIBYA HAS IN FACT OFFERED NORINCO ITS SERVICES AS A TRANSFER POINT FOR EQUIPMENT BOUND FOR IRAN. LYBIAN COMPLICITY AS A TRANSSHIPMENT POINT WOULD GIVE THE CHINESE A CONVENIENT MEANS OF CIRCUMVENTING ANY PROMISES MADE TO THE INTERNATIONAL COMMUNITY WITH REGARD TO ITS ARMS SALES TO THE MIDDLE EAST.

2. (C/NF/WN) (b)(1),(b)(3):10 USC 424,1.4 (c)

//IPSP: (U) (b)(3):10 USC 424

//COMSOBJ: (U)

PROJ: (U)

COLL: (U) NONE.

END OF MESSAGE

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

PREP: (U)

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