

MSGNO 44 (MIIR) ALL \*16/05/89\* \*12:08\*  
ZCZC 17:06:43Z (MI)

89 2823864 MCR

TOR: 161455Z MAY 89

NC 2823864  
RUEKJCS 1032

RR RUEAIIA  
DE RUEKJCS #1032 1361449  
ZNY  
R 161449Z MAY 89  
FM JOINT STAFF WASHINGTON DC  
INFO RUEADWD/OCSA WASHINGTON DC  
RUENAAA/CNO WASHINGTON DC  
RUEAHQA/CSAF WASHINGTON DC  
RUEACMC/CMC WASHINGTON DC

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

RUEAIIA/CIA WASHINGTON DC  
RUEHC /SECSTATE WASHINGTON DC  
RUEAMCC/CMC CC WASHINGTON DC

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

RUCQVAB/USCINCSOC (b)(3):50 USC 403-1(i) MACDILL AFB FL

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

RUEALGX/SAFE  
R 161434Z MAY 89  
FM (b)(3):10 USC 424

TO RUEKJCS/DIA WASHDC  
RUCJACC/USCENTCOM MACDILL AFB FL/ (b)(3):50 USC 403-1(i)

(b)(3):10 USC 424

BT

EZ1:

COMPLET 01 OF 02 (b)(3):10 USC 424

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

EZ2:

COUNTRY: (U) EGYPT (EG); IRAN (IR); CHINA (CH).

SUBJ: IIR (b)(3):10 USC 424 CHINA DENIES REPORTED ARMS

DEAL WITH IRAN (U).

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

DEPARTMENT OF DEFENSE

DOI: (U) 890401

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

SOURCE: (U) / (b)(3):50 USC 403-1(i)

SUMMARY: CHINA DENIES THE NEWS OF AN ARMS DEAL TO  
PROVIDE IRAN WITH MILITARY AIRCRAFT, 40 ANTI-SHIP  
MISSILES, ONE SUBMARINE, SCUD MISSILES, AND  
ANTI-AIRCRAFT MISSILE BATTERIES.

TEXT: 1. (b)(1),1.4 (c) THE FOLLOWING ASSESSMENT  
OF CHINA'S RECENT DENIAL.

A. CHINA'S DENIAL OF HAVING AGREED WITH IRAN ON A NEW  
ARMS DEAL COMES WITHIN THE FRAMEWORK OF HER KEENNESS TO

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KEEP HER INTERNATIONAL AND REGIONAL STATUS UNSCATHED, AND TO ENSURE THE CONTINUITY OF OBTAINING AMERICAN AND WESTERN TECHNOLOGY (CHINA IS BEING PRESSED BY THE U.S. AND EUROPE TO CURB COOPERATION WITH IRAN IN THE AREA OF ARMAMENTS).

HOWEVER, THIS DOES NOT AGREE WITH WHAT IS BEING OBSERVED OF INCREASING IRANIAN-CHINESE COOPERATION IN VARIOUS FIELDS (POLITICAL - ECONOMIC - MILITARY) ESPECIALLY FOLLOWING THE CEASEFIRE.

B. IT IS WORTH POINTING OUT THAT THE CURRENT IRANIAN - CHINESE RELATIONS DEVELOPMENT WAS MEANT TO ACHIEVE A NUMBER OF GOALS FOR BOTH SIDES, THE MOST PROMINENT ARE:

(1) FOR IRAN:

(A) TO BALANCE HER RELATIONS WITH CHINA IN THE FACE OF THE GULF STATES' INCREASING COOPERATION WITH CHINA (THE SAUDI MISSILE DEAL).

(B) ATTACHING CHINA TO THE IRANIAN ECONOMY (RECONSTRUCTION) WHICH MAY PROMPT CHINA TO BACK IRAN UP POLITICALLY AND MATERIALLY.

(C) THE LOW PRICED CHINESE ARMS, BESIDES THE FACT THAT CHINA DOES NOT SET CERTAIN POLITICAL DEMANDS ON SELLING HER ARMS.

(2) FOR CHINA:

(A) REINFORCING HER REGIONAL POWER AND HER INFLUENCE IN THE REGION TO BALANCE SOVIET INFLUENCE.

(B) OBTAINING WAR INVESTMENTS AND ECONOMIC PROJECTS TO SUPPORT THE CHINESE ECONOMY.

(C) ENSURING A CHINESE PRESENCE FOR MAINTENANCE AND TRAINING ON THE NEW ARMS.

(D) BINDING THE IRANIAN ARMS SYSTEM WITH CHINESE ARMS FOR MANY COMING YEARS WHICH CONSOLIDATES CHINA'S STATUS AS AN ARMS EXPORTER (THE FOURTH THIRD-WORLD ARMS EXPORTER).

C. FOLLOWING IS A REVIEW OF THE MOST PROMINENT FIELDS OF IRAN-CHINA COOPERATION OBSERVED SINCE THE 20 AUG 88 CEASEFIRE.

(1) POLITICAL: AGREEMENT ON OPENING UP AN IRANIAN CONSULATE IN CANTON AND A CHINESE CONSULATE IN BANDAR ABBAS IN FEB 89. (ONE OF THE RESULTS OF THE IRANIAN FOREIGN MINISTER'S VISIT TO CHINA ON 15 DEC 88).

(2) ECONOMIC:

(A) SIGNING AN INDUSTRIAL COOPERATION AGREEMENT BETWEEN CHINA AND IRAN ON 5 NOV 89 DURING THE VISIT OF THE CHINESE DEPUTY MINISTER OF INDUSTRY TO IRAN.

(B) INCREASING THE VOLUME OF TRADE EXCHANGE BETWEEN THE TWO COUNTRIES BY 100 MILLION DOLLARS DURING 1989 TO REACH 600 MILLION DOLLARS (THE VISIT BY THE CHINESE DEPUTY PRIMER TO IRAN ON 5 JAN 89).

(C) TECHNICAL ASSISTANCE TO BUILD A DAM IN SOUTHERN KHOZISTAN.

(D) PARTICIPATION IN IRAN'S POST WAR RECONSTRUCTION (THERE IS NEWS OF 25 THOUSAND CHINESE WORKERS AND TECHNICIANS BEING PRESENT IN IRAN CURRENTLY).

END OF MESSAGE

CONFIDENTIAL

\*\*\*<<<< SECTION 2 >>>>\*\*\*

COUNTRY: (U) EGYPT (EG); IRAN (IR); CHINA (CH).

SUBJ: IIR (b)(3):10 USC 424 / CHINA DENIES REPORTED ARMS

(E) COOPERATION IN BUILDING TWO POWER GENERATING PLANTS IN KARMAN AND GILAN PROVINCES.

(F) COOPERATION IN THE NUCLEAR FIELD (IT MAY BE USED TO DEVELOP CAPABILITIES FOR MANUFACTURING NUCLEAR WEAPONS).

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(3) MILITARY:  
(A) A NEW ARMS DEAL COMPOSED OF ANTI-SHIP MISSILES VIA  
NORTH KOREA (12 LAUNCHERS AND 80 MISSILES).  
(B) A CONTRACT FOR SELLING 200 PIECES OF ARTILLERY  
(MLRS).  
(C) FIFTY EACH M-59 TANKS.  
(D) ANTI-AIRCRAFT MISSILES AND 50 RADAR STATIONS.  
(4) SATELLITES/LAUNCH TECHNOLOGY:  
(A) COOPERATION TO LAUNCH AN IRANIAN COMMUNICATIONS  
SATELLITE CARRIED BY A CHINESE ROCKET.  
(B) ON THE INVITATION FROM CHINA, IRANIAN  
REPRESENTATIVES WERE PRESENT DURING THE CHINESE TV  
COMMUNICATIONS SATELLITE LAUNCH ON 22 DEC 88.  
COMMENTS: (b)(1),1.4 (c)

//IPSP: (U) (b)(3):10 USC 424  
//COMSOBJ: [REDACTED]  
PROJ: (U).  
COLL: (U) (b)(3):10 USC  
INSTR: (U) 424  
PREP: (U)  
ACQ: (U) (b)(3):10 USC 424  
DISSEM: (U) FIELD: (b)(3):10 USC 424  
WARNING: (U) ~~REPORT GENERATED CONFIDENTIAL~~  
DECL. ~~CONFIDENTIAL~~  
END OF MESSAGE  
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