

~~CONFIDENTIAL~~
Department of State

INCOMING
TELEGRAM

E251

PAGE 01 060519Z
ACTION INR-05

7830

060519Z

7830

INFO LOG-00 NEA-00 EAP-00 INRE-00 /007 W
-----061511 071533Z /44 38

R 060513Z OCT 90

FM (b)(3):10 USC 424

TO RUEKJCS/DIA WASHDC

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

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

CIA WASHDC (b)(3):50 U

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

(b)(3):10 USC 424

SECDEF WASHDC

SECSTATE WASHDC

RUEADWDQHQDA WASHDC (b)(3):50 //

HQUSAF WASHDC (b)(3)

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

CDRUSCENTCOM MACDILL AFB FL

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

~~CONFIDENTIAL~~ SECTION 01 OF 03 (b)(3):10 USC 424

~~CONFIDENTIAL~~ NOFORN

SERIAL: (U) (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).

SUBJECT: (U) (b)(3):10 USC PRC-NORINCO ARMS SALES
POLICY, COOPERATION (U)

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

Q-
DEPARTMENT OF DEFENSE

DOI: (U) 980928.

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

SUMMARY: (U) (b)(1),1.4 (c) THE PRC
GOVERNMENT HAS ISSUED ORDERS TO SUSPEND ALL SHIPMENTS
TO IRAQ IN SUPPORT OF UN SANCTIONS. PAST SINO-IRAQI
DEALINGS DISCUSSED. ARMS SALES TO IRAN THE FOCUS OF
NORINCO'S MIDDLE EAST SALES EFFORTS. Q

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

TEXT: I (U) (b)(1),1.4 (c) NORINCO HAS
RECEIVED ORDERS FROM THE PRC GOVERNMENT TO SUSPEND
ALL SHIPMENTS TO IRAQ. WHEN ASKED IF THESE ORDERS ARE
BEING FOLLOWED, (b)(1),1.4 (c) THEY ARE, "TO THE
BEST OF MY KNOWLEDGE". (b)(1),1.4 (c) THE PRC
HAS FAR MORE TO LOSE FROM VIOLATING THE SANCTIONS
THAN THE SMALL MONETARY GAIN IT COULD MAKE BY
CONTINUING TO SELL ARMS TO BAGHDAD.

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

(b)(1),1.4 (c)

Q07. (U) (b)(1),1.4 (c) IRAQ OWES NORINCO USD 3 BILLION
IN PAYMENTS FROM PAST MILITARY SALES. THE PAY-
MENT OF THIS DEBT WAS SUSPENDED BY THEN-PRC PRESIDENT
(U) XIANNIAN DURING A VISIT TO IRAQ IN 1983.
(b)(1), (b)(3):10 USC 424, 1.4 (c)
AS
LARGE AS THE DEBT IS, AND DESPITE THE ADVERSE EFFECT
IT HAS IN NORINCO'S ABILITY TO OPERATE EFFICIENTLY AS
A BUSINESS, NO ONE AT NORINCO HAS BEEN HELD RESPONSIBLE
FOR THE DEBT. (b)(1),1.4 (c)

3. (U) (b)(1),1.4 (c) NORINCO HAS OFFICES IN
BAGHDAD AND IN DUBAI. (b)(1),1.4 (c) EMPHASIZED THAT THE
BAGHDAD OFFICE IS CURRENTLY IDLE. WHEN PRESSED FOR
THE STATUS OF NORINCO PERSONNEL IN BAGHDAD, (b)(1),1.4 (c)
STATED THAT ALL WOMEN AND CHILDREN HAVE BEEN ALLOWED
TO LEAVE, AND THAT THE MEN ARE "NOT CONSIDERED TO BE
HOSTAGES" BY NORINCO OR THE PRC GOVERNMENT.
(b)(1), (b)(3):10 USC 424, 1.4 (c)

EOT

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

~~CONFIDENTIAL~~

9520095.3

~~CONFIDENTIAL~~

Department of State

INCOMING
TELEGRAM

PAGE 01 060522Z
ACTION INR-05

7829

060522Z

7829

INFO LOG-00 NEA-00 EAP-00 INRE-00 /007 W
-----061641 071533Z /38

R 060453Z OCT 90

FM (b)(3):10 USC 424

TO DIA WASHDC

INFO USCINCPAC HONOLULU HI (b)(3):10

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

DIRNSA FT GEORGE G MEADE MD

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

SEDEF WASHDC

SECSTATE WASHDC (b)(3):50 US

HQDA WASHDC /DAM (b)(3):

HRUSAF WASHDC (b)(3):

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

CDRUSCENTCOM MACDILL AFB (b)(3):50 USC 403-1(i)

~~CONFIDENTIAL~~ SECTION 02 OF 03 (b)(3):10 USC 424

~~CONFIDENTIAL~~ NOFORN

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

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

COUNTRY: (U) CHINA (CH); IRQQ (IZ).

SUBJECT: IIR (b)(3):10 USC 424 PRC-NORINCO ARMS SALES

(b)(1),1.4 (c)

THERE WERE "PLANS TO MOVE THE BAGHDAD OFFICE PERSONNEL IN THE EVENT OF IMMINENT DANGER TO THEM," BUT THAT THE DECISION HAD NOT YET BEEN MADE. PNF1).

4. (U) (b)(1),1.4 (c) DUE TO THE CURRENT "BAD STATE OF AFFAIRS IN THE ARMS SALES MARKET," ONE-THIRD OF THE 160 FACTORIES THAT SUPPORT NORINCO ARE CURRENTLY IDLE. (b)(1),1.4 (c) THE WORKERS ARE JUST SITTING AROUND PLAYING CARDS AND DRINKING TEA. (b)(1) STILL HAVE TO PAY THEM, BUT THEY CANNOT PRODUCE A SINGLE THING).

(b)(1),1.4 (c) RAW MATERIALS ARE BECOMING A PROBLEM AS WELL, EVEN FOR THOSE FACTORIES THAT ARE STILL OPERATIONAL. COMPOUNDING THESE PROBLEMS IS A RELUCTANCE TO STREAMLINE OPERATIONS TO IMPROVE EFFICIENCY. (b)(1),1.4 (c) COMPLAINED THAT "THE OLD MEN IN THE GENERAL LOGISTICS DEPARTMENT AND THE GENERAL STAFF DEPARTMENT ARE STILL LIVING IN THE PAST. THEY DO NOT UNDERSTAND TECHNOLOGY OR ITS IMPORTANCE." MULTIPLE FACTORIES STILL PRODUCE THE SAME ITEMS DESPITE THE CALL TO "ELIMINATE WASTEFUL DUPLICATION" IN PRODUCTION.

5. (U) (b)(1),1.4 (c) NORINCO'S CURRENT EFFORTS ARE FOCUSED ON THE ARMS SALES MARKET IN IRAN.

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

IS STILL

HAVING PROBLEMS CONVINCING THE IRANIS THAT THE PRC CAN PROVIDE THEM WITH A TANK THAT FULFILLS THEIR NEEDS. IN ADDITION TO THE SOVIETS, (b)(1),1.4 (c)

GIGGEST COMPETITION IS FROM THE GERMAN FIRM MTU MOTOREN UND TURBINEN UNION.

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

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

THE ENGINE AND TRANSMISSION OFFERED BY NORINCO IS NOT POWERFUL ENOUGH TO MEET IRAN'S REQUIREMENTS. DESPITE THIS, (b)(1),1.4 (c) DRINCO IS "STILL IN THE RUNNING" TO PRODUCE THE TANK.

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

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

EOT

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
Department of State

INCOMING
TELEGRAM

PAGE 01 080520Z
ACTION INR-05

0171

080520Z

0171

EOT

INFO LOG-00 NEA-00 EAP-00 INRE-00 /007 W
-----077156 080521Z /38

R 060453Z OCT 90

FM (b)(3):10 USC 424

TO DIA WASHDC

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

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

CIA WASHDC/ (b)(3):50 /

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

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

SECDEF WASHDC

SECSTATE WASHDC/ (b)(3):50

HQDA WASHDC/ (b)(3):50

HQUSAF WASHDC/ (b)(3):50

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

CDRUSCENTCOM MACDILL AFB FL

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

~~CONFIDENTIAL~~ SECTION 03 OF 03 (b)(3):10 USC 424

~~CONFIDENTIAL~~ NOFORN

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

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

COUNTRY: (U) CHINA (CN); IRAQ (IZ).

SUBJECT: IIR (b)(3):10 USC 424 PRC-NORINCO ARMS SALES

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

//IPSP: (U) (b)(3):10 USC 424,(b)(3):50 USC

//COMSOBJ: (U) 403-1(i)

PROJ: (U)

COLL: (U)

INSTR: (U)

PREP: (U)

ACQ: (U)

DISSEM: (U)

WARNING: (U) REPORT CLASSIFIED

~~CONFIDENTIAL~~ NOT
~~RELEASABLE TO FOREIGN NATIONALS.~~

DECL: OADR

~~CONFIDENTIAL~~