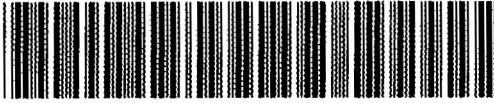
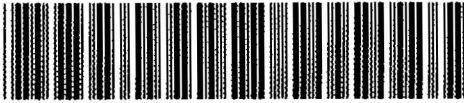




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(b)(3):10 USC 424

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RUENAAA/CNO WASHINGTON DC
RUEAHQA/CSAF WASHINGTON DC
RUEACMC/CMC WASHINGTON DC

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EZ1:

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EZ2:

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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); ISRAEL (IS); UNITED KINGDOM (UK).

COMBINE: COMPLETE

SUBJECT: IIR (b)(3):10 USC 424 ARMS SALES AND CHINA (U)

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

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A 02

DEPARTMENT OF DEFENSE

DOI: (U) 900802.

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

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

SUMMARY: (c) INFORMATION ON SEVERAL FIRMS AND INDIVIDUALS INVOLVED IN SALE OF ARMS FROM OR TO CHINA.

TEXT: 1. (c) (b)(1),1.4 (c) DISCUSSED SEVERAL FIRMS AND INDIVIDUALS HE SAID WERE INVOLVED IN ARMS TRADE WITH OR ON BEHALF OF CHINA.

2. (c/NF/WN/NC) (b)(1),1.4 (c) WAS ASKED ABOUT A YEAR AGO BY A

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

TO HELP ARRANGE A SALE OF SONOBUOYS TO THE CHINESE NAVY. THE SONOBUOYS WERE MADE BY GEC OF THE UK, AND WERE TO BE USED ON BRITISH-BUILT LYNX ASW HELICOPTERS THAT (b)(1),1.4 (c) CHINA WAS CONSIDERING BUYING. (b)(1),1.4 (c) CHINA WAS ALSO DISCUSSING PURCHASE OF ASW HELO'S FROM A FRENCH COMPANY, ALONG WITH SONOBUOYS MADE BY A FRENCH COMPANY WHOSE NAME STARTED WITH "O." (b)(1),1.4 (c) HAD MADE CONTACT WITH PLA NAVY PERSONNEL AND HAD DISCUSSIONS WITH THEM, BUT HAS RECENTLY BEEN TOLD BY THESE OFFICIALS THAT THERE IS NO MONEY AVAILABLE FOR THE HELO/SONOBUOY PURCHASES.

(b)(3):10
USC 424

3. (c/NF/WN) (b)(1),1.4 (c) ABOUT SALES OF AIRCRAFT TO IRAN, AND (b)(1),1.4 (c) A SON OF LOCAL BUSINESSMAN DEACON ((CHIU)), WHO HE THOUGHT WAS NAMED DICK, WAS VERY CLOSE TO THE IRANIAN MILITARY AND HE FELT HE WAS THE PRIMARY MIDDLEMAN FOR CHINESE WEAPON SALES TO IRAN. (b)(1),1.4 (c)

(b)(3):10
USC 424

HAD HEARD THAT CHIU WAS INVOLVED IN SALES OF F-7'S TO IRAN AND THAT THE FINANCIAL ARRANGEMENTS WERE HANDLED THROUGH LOCAL BANKS. THEN BROUGHT UP THE SUBJECT OF POSSIBLE CHINESE SALES OF MISSILES TO IRAN. (b)(1),1.4 (c) HADN'T HEARD OF ANY BUT HE FELT CHINA WOULD CERTAINLY BE INVOLVED IF THERE WERE ANY SUCH SALES.

(b)(3):10
USC 424

4. (c/NF/WN) (b)(1),1.4 (c) ASKED (b)(1),1.4 (c) IF HE KNEW OF OTHER NATIONS INVOLVED IN SALES OF MILITARY EQUIPMENT TO CHINA, AND (b)(1),1.4 (c) UNDERSTOOD ISRAEL WAS INVOLVED. (b)(1),1.4 (c) THAT ((GAN)) PING, AN ASSISTANT TO CHIEF OF STAFF ((CHI)) HAOTIAN, TOLD HIM THAT UDI, AN ISRAELI-ASSOCIATED COMPANY, IS PROVIDING THERMAL IMAGING EQUIPMENT AND ANTI-TANK WEAPONS TO THE PLA. (b)(1),1.4 (c) SAID UDI'S MANY COMMERCIAL PROJECTS IN CHINA (b)(3):10 USC 424 WERE USED TO CARRY OUT THE TRANSACTIONS.

(b)(3):10
USC 424

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

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

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WARNING:

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

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