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JCS 2118/292-2

17 April 1981

Pages 7 - 13, incl.

REPORT BY THE J-5

to the

JOINT CHIEFS OF STAFF

ON

UNITED STATES-CHINA SECURITY RELATIONSHIP (U)
Reference: JCS 2118/292-1

DECISION

1. At their meeting on 28 April 1981, the Joint Chiefs of Staff, after making amendments, approved the recommendations in paragraph 11 of this report.
2. Enclosure B, with its Appendix and Enclosure A (less its Annex), was sent as JCSM-159-81, 11 May 1981, to the Secretary of Defense.
3. This decision replaces the paper. Holders are requested to destroy the superseded paper in accordance with security regulations.

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UNITED STATES-CHINA SECURITY RELATIONSHIP (U) 1

THE PROBLEM 2

1. (S) To provide JCS views on the United States-China security relationship and to propose to the Secretary of Defense that an interagency study be initiated to review that relationship. 3
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FACTS BEARING ON THE PROBLEM 7

2. (U) On 18 December 1978, President Carter announced that, as of 1 January 1979, the United States would recognize the PRC as the sole legitimate government of China. The President indicated at that time that normalization was not motivated by the idea of an alignment against any third country and that improved relations did not indicate a strategic alliance. 8
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3. (U) In January 1980, the Secretary of Defense visited China. This visit served to highlight the security aspects of the new United States-China relationship. The visit also laid the basis for the sale of military-related equipment and technology, as well as increased defense-related contacts and exchanges. 15
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4. (U) In May 1980, the PRC Vice Premier visited the United States. This visit gave substance to the framework established by the Secretary of Defense and solidified the first steps in the new security relationship between China and the United States. 21
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5. (S) On 21 July 1980, the Chief of Staff, US Army, proposed* that the Secretary of Defense recommend an interagency review of United States-PRC security relations in light of the increasing number of issues being generated by expanded contacts with the Chinese. 26
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* Attachment to JCS 2118/292

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6. (S) On 27 August 1980, the Joint Chiefs of Staff requested* 1
that the Director, Joint Staff, initiate, in collaboration 2
with the Services, a broad in-house study to address the 3
full implications of the United States-China relationship. 4

DISCUSSION 5

7. (U) For discussion, see Enclosure A. 6

CONCLUSIONS 7

8. (U) The assessment and conclusions in Enclosure A should 8
be adopted as JCS views on the military implications of 9
the United States-China security relationship. 10

9. (U) The complex interrelationship between civilian and 11
military aspects of the security relationship requires a 12
searching interagency review. 13

10. (U) Enclosure A should be provided to the Secretary 14
of Defense for use in the interagency review. 15

RECOMMENDATIONS 16

11. (U) It is recommended that: 17

a. (U) Enclosure A be approved. 18

b. (U) The memorandum in Enclosure B, with its Appendix 19
and Enclosure A (less its Annex), reflecting the above 20
conclusions, be sent to the Secretary of Defense. 21

c. (U) Copies of the memorandum in Enclosure B NOT be 22
furnished to other agencies except as authorized under 23
JCS MOP 39. 24

d. (U) Copies of this paper NOT be sent to commanders 25
of unified or specified commands except as authorized 26
under JCS MOP 39. 27

e. (U) Copies of this paper NOT be sent to US 28
liaison officers assigned to NATO activities except 29
as authorized under JCS MOP 39. 30

Action Officer: COL J. A. Smith, USA 31
Northeast Asia Branch, J-5
Ext 72400/54902

Enclosure to JCS 2118/292-1

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ENCLOSURE A

JCS ASSESSMENT OF THE UNITED STATES-CHINA
SECURITY RELATIONSHIP (U)

(58 pages)

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Enclosure A

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JCS ASSESSMENT OF THE UNITED STATES-CHINA
SECURITY RELATIONSHIP (U)

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SECURITY RELATIONSHIP (U)

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A. EXECUTIVE SUMMARY (U)

1. (S) Purpose. The purpose of this study is to provide a JCS assessment of the United States-China security relationship for use in an interagency review.

2. (U) Overview

a. (U) Introduction

(1) (S) Sino-Soviet estrangement has provided opportunities for China and the United States to consider a security relationship that would serve the interests of both. Common concern for the Soviet Union's military expansion stimulated the relationship and led to the normalization of diplomatic relations. Subsequently, the United States-China security relationship has assumed both global and regional significance and has expanded to include a number of converging and parallel interests. The implications of United States-China relationships extend to other Asian nations, whose views must also be considered as the pace and direction of the future US security relationship with Beijing is determined.

(2) (S) The United States regards China as an increasingly important nation--one that contributes to the global balance, primarily by occupying Soviet forces along its border, and to Asian stability, by dampening North Korean aggressiveness and inhibiting Vietnamese adventurism. By continued development of its relationship with China, the United States hopes to increase Soviet concern about the USSR's Asian flank and to channel China into activities that reinforce political, economic, and military stability in the Western Pacific.

The United States also seeks to profit from China's capabilities to counter Soviet influence wherever possible in the Third World.

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(3) (S) China views itself essentially as a regional power, in the military sense, with distinct military and economic weaknesses vis-a-vis the Soviet Union.

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China seeks in its security relationship with the United States the preservation of its territorial

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integrity from Soviet aggression and the acquisition of modern technology to assist in development of its

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economy and industrial production base. Beijing, in pursuing its interests, supports a strong NATO,

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opposes expansion of Soviet influence in Southwest Asia and the Persian Gulf, seeks to maintain stability

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on the Korean peninsula, and operates to contain Vietnamese adventurism in Southeast Asia.

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(4) (S) Nonetheless, despite the common Soviet threat and frequently converging mutual interests, both

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the United States and China have independent national objectives that sometimes conflict. These divergent

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interests, limited Chinese resource capabilities, and the unpredictability of China's leadership will

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circumscribe the potential of a more formal security relationship. Moreover, until it is resolved, the

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issue of Taiwan likely will constrain the relationship.

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b. (U) Spectrum of United States-China Relations

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(1) (S) The spectrum of possible security relations is theoretically very broad, ranging from the kind that

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existed before diplomatic normalization to extremely close relations. The implications for future US

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policy are outlined below in a brief assessment of

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three possible courses of action: Continuation
and/or gradual expansion of the current United States-
China security relationship; a retrenched or reduced
security relationship; and a significantly enhanced
United States-China relationship.

(2) Continuation or Slight Expansion of Current
United States-China Security Relations. Continuation
or slight expansion, over time, of the current relation-
ship would aim to encourage a common approach to
mutual security matters and contribute to deterrence
of Soviet military expansionism in Asia, with minimum
negative impact on other Asian nations. Such relations
would reinforce Beijing's capability and willingness
to act independently of Soviet influence and would
dampen prospects for development of any Sino-Soviet
relationship inimical to US interests. For the United
States, continuation or slight expansion of its
security relations with China offers the minimum
risks, given China's domestic and foreign policy
uncertainties. It also provides room for expansion
and US security policy flexibility. As a result of a
gradually expanded relationship, major near-term
improvements in China's military capabilities are
unlikely. Nevertheless, late in this decade, its
defensive capabilities and credibility as a deterrent
to the USSR could improve.

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(3) (S) Retrenched Security Relations. A retrenchment of the existing United States-China security relationship would be viewed as a fundamental change in US policy that would reduce China's perceived effectiveness as a counterweight to the USSR and decrease the apprehension of the Soviets concerning a United States-China axis against them. China's leadership would likely limit its broad support for US policy and actions and would be wary of what such a policy implied for United States-Soviet relations. A hardening of the US technology transfer policy would threaten China's modernization program and dim considerably its prospects for internal economic development. A retrenchment in US security relations with China would cause some unease and concern among friendly Asian nations largely because of China's anticipated negative response to such a change. Most Asian nations, however, would view favorably the prospect of a China with continued limited military and economic capabilities. Beijing's attitude toward Taiwan and its friends would likely take on a more rigid, less flexible approach.

(4) (S) Significantly Enhanced Security Relations. A highly active, significantly enhanced United States-China security relationship would seriously complicate Soviet military planning in Asia. Moscow would view a greatly expanded relationship as a danger to its security, seeing much closer links as part of a US-backed global system directed against the USSR. China would view favorably the enhanced relationship

as improving its security and facilitating development of its technological and industrial infrastructure. Beijing's willingness to oppose Soviet military expansionism would be reinforced, while the prospects for Sino-Soviet rapprochement would be further reduced.

(5) (S) Any US assistance program aimed at significantly improving China's military capabilities, however, would remain limited by Beijing's inability to absorb large amounts of modern technology. Even with major transfers of US technology and materiel, China's military forces would remain severely outclassed by Soviet forces through the end of the decade. In addition, the near-term military threat to Taiwan likely would not increase substantially. A significant expansion of the present United States-China security relationship would be very disturbing to friendly Asian nations, particularly Japan. Most do not trust China and believe Beijing would sooner or later attempt to achieve at least a degree of hegemony in the region.

3. (U) Summary of Major Conclusions

a. (S) The current United States-China relationship has thus far benefited both countries. It provides a basis for further improvement. US ties with China have compounded uncertainty for the Soviet Union, increased its concern for a two-front war, and complicated its planning efforts. Since it is likely that China's ability to influence global affairs will continue to be limited, the United States must not establish unrealistic objectives

regarding China and the role it can or should play in world events. The United States should, instead, build a strategy that improves current and projected Chinese military capabilities, attempts to focus those capabilities toward mutually advantageous goals, and prevents China from becoming an impediment to any future United States-Soviet relationship the United States may seek to develop.

b. (S) A stable, independent, and friendly China could serve US interests by, among other things, countering Soviet expansionism and influence in Asia and elsewhere; supporting stability in Asia, especially on the Korean peninsula and in the China Sea; strengthening PRC defenses against the Soviet Union; and expanding dialog on a number of other areas of common interest. To accomplish this, the United States should proceed cautiously and discretely, pacing the relationship according to the overall state of United States-China relations, the views of US allies and friends, China's willingness and ability to participate, US domestic implications, and changes in the world situation.

c. (S) The United States should continue carefully to explore what steps are necessary to assist China in laying the foundation for building and maintaining a military force that is sufficient for its defense needs relative to the Soviet Union and that supports US strategic objectives. Any steps must include due consideration of their potential contribution to the development of Chinese strategic weapons and power projection capabilities.

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d. (S) The United States should conduct affairs with Taiwan in a manner that considers PRC sensitivities and reflects both the strategic importance of China and the continuing value of Taiwan to the United States. The United States should seek to promote a peaceful resolution of the Taiwan issue, and in doing so demonstrate to Taiwan and the PRC that it is in their mutual interest to cooperate with the United States and its allies both in deterring Soviet expansion in Asia and defending against the Soviets in wartime.

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e. (S) Military dialog with China should be broadened to include a wider range of matters of mutual interest and at lower levels in the Defense Establishment. This expanded dialog could include a selective program of military observer exchanges, professional discussions, and student exchanges at certain military schools.

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f. (S) All aspects of the United States-China relationship should be fully reviewed and evaluated. Such an evaluation could best be accomplished through the interagency process.

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5. (U) Recommendations

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a. (S) The United States should proceed cautiously and discretely in continuing to develop a security relationship with China, with the objective of improving Chinese military capabilities in accordance with mutually advantageous goals.

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b. (S) The United States should encourage progress toward a stable, secure China that can contribute to regional stability and mutual security objectives.

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c. (S) An interagency review of the United States-China security relationship should be conducted as a matter of priority.

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B. THE UNITED STATES-CHINA SECURITY RELATIONSHIP (U) 1

1. (U) Introduction 2

a. (S) The purpose of this study is to provide a JCS 3
assessment of the United States-China security relation- 4
ship for use in an interagency review. 5

b. (U) Global Aspects 6

(1) (S) Development of the United States-China security 7
relationship must be considered in the context of its 8
global and regional significance and implications. 9
Foremost is the increasing military threat that the 10
Soviet Union constitutes to the United States and the 11
Free World. Either unilaterally or in concert with 12
Soviet Bloc countries, the USSR has the military 13
capability to seriously threaten the physical security 14
of the United States and its allies. 15

(2) (S) Soviet military expansion in several areas of 16
the world during the past decade has provided a 17
clearer focus for US concern and stimulated efforts to 18
deal more effectively with this growing threat. In 19
addition to focusing attention on improving its own 20
warfighting capability, the United States has been 21
encouraging greater emphasis on collective security. 22

(3) (S) Recent development of the United States-China 23
relationship has, for the most part, been stimulated 24
by a mutual concern for the Soviet Union's military 25
expansion and use of surrogates throughout the world. 26
This concern has caused China and the United States to 27
look to each other to halt advances in, and to eventu- 28
ally reduce, Soviet influence. 29

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(4) (S) The United States and the People's Republic of China (PRC) have several other parallel or converging interests. China has moved to dampen North Korean aggressiveness and inhibit Vietnamese adventurism, emphasized more normal state-to-state relationships with its neighbors and other Third World countries, refrained from creating tensions with Taiwan, reduced support to Communist insurgencies in Southeast Asia, and moderated destabilizing activities among overseas Chinese communities. 1
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(5) (S) From a global perspective, China operates from a position of distinct inferiority to the Soviet Union but pursues a strategy that, while seeking to keep the USSR off balance, gains time to pursue civil and military modernization programs. Chinese military deployments and force structure, both conventional and strategic, focus on deterring Soviet or Soviet-backed Vietnamese expansionism. Concurrently, China is encouraging a larger and more forceful US global role to deter and counter the USSR. 11
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(6) (S) However, the United States-China relationship and the policies that implement that relationship should not be viewed only vis-a-vis the Soviet military threat. The relationship must be based on achieving broad US and Chinese national interests, as well as those of other nations with which the United States shares common aspirations. 22
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(7) (S) Despite China's increasingly cooperative stance in world affairs, the United States, as it develops and refines its relationship with China, must 29
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be sensitive to the concerns of other nations so that 1
the results of new links do not create instability nor 2
foster a sense of abandonment. Each proposed initiative 3
needs to be examined with respect to its implications 4
and possible damaging effects, especially among 5
China's neighbors. Many Asian nations may increasingly 6
view a strong modernized China as a greater threat 7
than the Soviet Union. 8

c. (U) Background 9

(1) ~~(S)~~ Sino-Soviet estrangement provided opportunities 10
for the United States to consider normalizing relations 11
with China and the potential benefits that could 12
accrue with such a move. As the split between Moscow 13
and Beijing deepened (with armed border incidents 14
occurring in 1969), the United States and China saw 15
possibilities in a Sino-United States relationship 16
that could provide a counterpoise against Soviet 17
expansionism. 18

(2) (U) During the 1970s, the US approach to relations 19
with China and the Soviet Union was transformed from a 20
framework based on equilibrium or equidistance to one 21
providing for closer alignment with China. By the end 22
of the decade, the United States and PRC had completed 23
diplomatic normalization and initiated a number of 24
contacts and exchanges adding substance to the 25
relationship. 26

(3) ~~(S)~~ China's industrial modernization and economic 27
progress, in large measure, depend on domestic 28
stability, the deflection of a significant external 29
threat, absorption of foreign technical and economic 30

assistance, and broadened trade relationships. The
 Soviet invasion of Afghanistan, together with Soviet
 efforts to exacerbate tensions in Southwest Asia and
 the Middle East, are examples of common areas of
 concern between the United States and China.

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(4) (U) US View of the United States-China Relationship

(a) (U) General

1. (S) The United States seeks to defend itself
 as far from its boundaries as possible and
 supports political and economic independence of
 as many nations as possible. In global competi-
 tion with the Soviet Union, the United States
 seeks as many allies and friends as possible, a
 policy that stimulates a closer security relation-
 ship with Beijing.

2. (S) Since the early 1970s, US and Chinese
 interests have increasingly converged, largely--
 though not exclusively--because of common
 perceptions of a growing Soviet menace. Thus,
 the United States seeks to maintain and further
 develop cordial relations with China, but not at
 the expense of other interests. China should
 not become an impediment to any future United
 States-Soviet relationship that the United
 States seeks to develop.

3. (S) The United States views China as contrib-
 uting to a number of its interests: Support of
 NATO, advocacy of stability in Northeast Asia,
 support of Pakistan, and aid to Afghan resistance
 elements. China is considered potentially
 helpful to the United States in its attempts to
 insure unimpeded access to important resource
 areas, such as Southwest Asia.

4. (S) The United States has become increasingly interdependent with a number of important Asian trading partners, especially Japan. The success these partners have achieved enhances United States prosperity and security. Strengthened economic interdependence with Asian states also assures US economic access to both markets and resources. Through good economic relations with the United States, China may be encouraged to become at least partially integrated into the Free World economic system. A close relationship with China also may assist the United States in influencing the pace and character of Chinese economic development. Moreover, economic ties could encourage China's cooperation with its Asian neighbors and the United States in a wider range of mutually beneficial relationships.
- (b) (U) Current US Political/Economic Objectives
1. (S) A secure, friendly, successfully modernizing China that contributes to global balance and stability in Asia in close consultation with the United States.
 2. (S) Improved bilateral relations, to include expanded economic, political, and cultural ties that reinforce Chinese ties to Organization of Economic Cooperation and Development (OECD) countries while insuring maximum US benefit.
 3. (S) Chinese participation in international forums seeking solutions to common problems.

(c) (U) Current Global US Defense/Security Objectives 1

1. (S) Deter attacks against the United States 2
and against vital US interests worldwide, 3
including sources of essential raw materials and 4
associated lines of communication. 5

2. (S) If deterrence fails, fight at whatever 6
level of intensity is necessary to terminate the 7
conflict quickly, insuring that the US postwar 8
position is superior to that of any adversary. 9

3. (S) Prevent political and economic coercion 10
of the United States, its allies, and friends by 11
any enemy. 12

(d) (U) China's Role in Current US Strategy To 13
Support Global Security Objectives* 14

1. (S) Global conflict--the United States will 15
encourage Chinese military initiatives that 16
would, in cooperation with US/allied actions, 17
tie down Soviet forces on the Asian landmass, 18
interdict lines of communications to Soviet 19
bases in the Pacific area, and prevent reinforce- 20
ment of Soviet forces in the Indian Ocean and of 21
the Northern and Baltic Fleets. (There is 22
considerable doubt that China could or would 23
exercise this strategy even with massive US 24
assistance.) 25

2. (S) Regional Conflict--the United States will 26
encourage and support Chinese measures to halt 27
aggression by North Korea, Vietnam, or other 28
nations against the United States or its allies. 29

3. (S) Peacetime--the United States will, to the 30
extent possible, selectively improve cooperative 31
security measures and military-to-military contacts 32
with China to increase Soviet concerns about its 33
Asian flanks and to inhibit Vietnamese adventurism. 34

* JCSM-270-80, 23 October 1980, "Joint Strategic Planning Document for FY 1983 through FY 1990, Part I (U)"

(5) (U) China's View of the United States-China Relationship 1
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(a) (U) General 3

1. (S) China's long-term objective is to become a powerful socialist state, able to defend itself against any potential aggressor. China aims to protect its territorial integrity and to become established as the dominant influence in Asia, while increasing its role in international affairs. Beijing hopes eventually to replace US and Western influence in Asia and to reverse expansion of Soviet influence and limit Japanese, Vietnamese, and Indian influence in the area. China would then encourage the United States to shift its attention to Soviet ambitions in Europe and the Middle East. 4
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2. (S) As a developing nation, China faces complex economic problems. Limited financial assets continue to force difficult economic trade-offs. Having exploited most of the technology obtained in the 1950s and early 1960s from the USSR, China is now turning to the West for technology to increase development of its economy and industrial (including military) production base. 17
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(b) (U) China's Political/Economic Objectives 26

1. (S) China stresses the formation of a broad united front of the United States, Western Europe, Japan, and moderate Third world countries against Soviet expansionism. The Chinese view themselves essentially as a regional power, in the military sense, with distinct military and economic weaknesses vis-a-vis the Soviet Union. 27
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China defines its relationship with the United States as long term and strategic. This leads to China's interest in obtaining US technology and developing a relationship with the US defense establishment. While serious criticism of US policy has moderated, China will not hesitate to criticize US actions deemed contrary to its national goals. The PRC continues to publicly call for the withdrawal of US forces from the Republic of Korea and has not hesitated to criticize US actions relating to Taiwan.

2. (S) The high priority China attaches to modernization gives important weight to economic links and to technology and capital transfers from free market economies. Internationally, China has shown interest in joining the General Agreement on Tariffs and Trade (GATT), in obtaining "most favored nation" status in trading matters, and in creation of regional free trade areas in China. The PRC expects that the United States will be a prime source for the type of economic infrastructure equipment and technology required to achieve modernization over the next 20 years.

(c) (U) China's Defense/Security Objectives

1. (S) China's most important security objective remains deterrence of Soviet aggression and, should deterrence fail, preservation of its territorial integrity and national interests. The PRC will take strong action in defense of its territorial claims, including Taiwan.

It recognizes its military resources are inferior to those of the Soviet Union and encourages the United States and its allies to counter Soviet military activities. 1
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2. (S) China views containment of the Socialist Republic of Vietnam (SRV) influence as necessary to reduce Soviet influence in Southeast Asia. China seeks to prevent any major conflict on the Korean peninsula to minimize the possibility of Sino-United States confrontation and to keep North Korea from turning to the Soviet Union in event of war. 5
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3. (S) China, in pursuing its interests, supports a strong NATO to oppose the Soviet Union and its allies; is aiding resistance forces in Afghanistan; opposes the expansion of Soviet influence in Southwest Asia and the Persian Gulf area; and encourages anti-Soviet activities in several other areas of the world. 13
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2. (U) General Considerations 20

a. (S) At present, the United States, unilaterally, is not capable of simultaneously defending Western Europe, Southwest Asia, and Northeast Asia. US strategic requirements demand improved US military capabilities and expanded cooperation among allies, friends, and potential friends. The evolving US relationship with China opens up new opportunities for cooperation that may assist in exploiting Soviet concerns about the USSR's Asian flank and that may serve to help deter Soviet expansion and aggression in the area. The Annex provides an illustrative list of politico-military and equipment-technology actions that may be pursued with the PRC, along with a preliminary judgment of gains and risks of those actions. 21
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b. (U) In an examination of the United States-China security relationship, the following factors must be considered: 1
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(1) (P) China has national interests and objectives, many of which do not converge with nor parallel those of the United States or China's neighbors. Where China views its interests at stake, it will not compromise easily. 4
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(2) (P) The political and economic aspects of the relationship are extremely important and carry their own strategic connotation. China's ability to play a significant constructive role in US global strategy rests largely in its ability to help deter Soviet military expansionism. However, that ability is circumscribed to the degree that China is a continental power, with a very limited ability to project forces or directly influence global events. 9
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(3) (P) The unity and stability of the PRC leadership remains a major unpredictable element. Although Chinese leaders have generally worked together to protect and enhance basic PRC strategic, political, and economic interests, political infighting has disturbed the orderly conduct of foreign affairs. 18
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(4) (P) Divergent mutual interests and limited Chinese resources and capabilities will constrain the potential of the relationship. The United States should recognize those divergencies and limitations and factor them into the development of any cooperative security or defense arrangement. 24
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(5) (P) The current Taiwan situation is a fundamental problem between China and the United States and will constrain the relationship until resolved. 30
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3. (S) Spectrum of United States-China Relations. In 1
theory, the spectrum of possible security relations between 2
the United States and China is very broad, ranging from 3
virtually none at all to exceedingly close. To identify and 4
examine the possible activities, events, and implications 5
that could characterize a specific relationship within this 6
broad spectrum, three general courses of action or cases are 7
outlined below. The cases are illustrative in nature and 8
address general situations that could occur in US security 9
relationships with China. They are not designed as discrete 10
options but rather as guidelines that could form the basis 11
for recommending a direction in the US national security 12
policy for China. 13

a. (U) Case 1. This case describes a continuation or 14
slight expansion of the current United States-China 15
security relationship. 16

(1) (U) Such a relationship would be characterized 17
by: 18

(a) (S) Selective transfer of certain technology 19
identified as having both military and/or nonmilitary 20
end-use. It would exclude technology that would 21
contribute to development of nuclear weapons or 22
delivery systems, electronic warfare, intelligence- 23
gathering equipment, or significant power projection 24
capability. The transfer of certain selected items 25
on the Munitions Control List would also be authorized. 26
These items are presently limited to nonlethal 27
military support items. Items requested would be 28

addressed on a case-by-case basis and subject 1
to review by appropriate US Government agencies for 2
their security implications to the United States 3
and to other nations as well. Emphasis would be on 4
the contribution the item makes to China's economic 5
infrastructure development. 6

(b) (S) Selective, but gradually expanding, contacts 7
between US and Chinese defense officials. These 8
contacts are controlled at the DOD/Ministry of 9
National Defense level and are being pursued 10
generally on a quid pro quo basis. Discussions 11
have occurred on a variety of security-related 12
issues, largely centered on logistic, technological, 13
or training matters. They have excluded, thus 14
far, reference to operational matters. Contacts 15
are expected to broaden to include a wider range of 16
matters of mutual interest and at lower levels in 17
the defense establishment. These contacts could 18
include a selective program of military observer 19
exchanges, professional discussions, and student 20
exchanges at certain military schools. 21

(2) (U) US Interests Affected By This Relationship 22

(a) (U) Political/Economic Interests 23

1. (S) The present relationship encourages 24
China to participate in the world community 25
in a reasonable and cooperative manner. 26
China has supported US efforts to enhance 27
Asian political stability and has expanded 28

its conventional state-to-state relations
with a number of Asian nations. China has
attempted to limit Soviet influence in India
and has considerably reduced its support to
insurgent movements in less developed countries.
China has also garnered support to oppose
Soviet insurgencies.

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2. (S) Although the present relationship
encourages China's participation in the world's
markets, the PRC economy is hampered by lack of
foreign exchange and managerial expertise. If
these economic problems are solved, China could
become an increasingly significant market for
the Free World.

(b) (S) Defense/Security Interests. The current
relationship encourages a common approach to mutual
security matters and contributes to deterrence of
Soviet military expansionism in Asia and the
Western Pacific. The US strategy in Europe is
enhanced by the fact that some 45 Soviet divisions,
approximately one-quarter of the ground forces, are
deployed along the border with China. Under
present circumstances, China is unlikely to seek
rapprochement with the Soviet Union. The thrust
and pace of current Chinese military programs are
not likely to upset the regional balance of power
in East Asia substantially.

(3) (U) Implications

(a) (S) The maintenance of US-PRC defense relations, at the current or slightly expanded level, offers minimal risks, given the uncertainties of China's domestic and foreign policies. Such relations would reinforce Beijing's capability and willingness to act independently of Soviet influence and would dampen prospects for development of any Sino-Soviet relationship inimical to US interests. If movement toward Sino-Soviet rapprochement occurs, a Case 1 relationship would provide flexibility for readjusting security policies toward China.

(b) (S) Pursuit of a defense relationship with China within carefully defined limits could help to prevent or dispel exaggerated expectations among Chinese leaders that could be counter-productive to United States-China relations over the long run. A slow and carefully measured progression along current policy lines would likely survive, relatively intact, all but the most drastic change in Chinese leadership.

(c) (S) The capability of China to absorb technology and to integrate modern material into its civilian and military systems is seriously limited. The success of the United States-China security relationship involving technology transfer will be measured in Beijing by its compatibility with China's modernization programs. The Chinese are

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aware of the difficulties and potential waste of 1
prematurely attempting widespread application 2
of advanced technologies; their main interest 3
will be primarily in the longer term payoffs. 4
(d) (S) Major near-term improvements in China's 5
military capabilities and materiel are unlikely 6
to occur as a direct result of this relationship. 7
Nevertheless, the credibility of China's defensive 8
capabilities, primarily Chinese conventional forces, 9
late in the decade will be affected by the degree 10
of access granted by the United States or other 11
Western nations to civilian and defense-related 12
technologies. The access allowed under the 13
current relationship would permit gradual improve- 14
ment in China's defensive capabilities above that 15
which the Chinese would be able to accomplish on 16
their own. Of equal importance would be assistance 17
aimed at improving Chinese military and logistic 18
support concepts. 19
(e) (S) The capability of China to project meaning- 20
ful military power beyond its borders would 21
continue to be constrained for many years. 22
Improvement of PRC military capabilities against 23
Taiwan would be minimal over the short term; 24
beyond 5 years, the potential danger may increase, 25
depending upon the specific US technology transfers 26
to the PRC, as well as the policy approach taken 27
by the United States toward Taiwan and Beijing's 28
reaction to it. 29

(f) (S) Despite normalization of US relations 1
with the PRC, Taiwan has remained stable, prosperous, 2
and secure, although the potential for instability 3
does exist. Tensions in the Taiwan Strait are at 4
a 25-year low. Taiwan will continue to request US 5
arms sales to insure its security and to symbolize 6
a US commitment to that security. Continuation of 7
the present security relationship between the 8
United States and China is not likely to seriously 9
jeopardize Taiwan's situation or status. Continued 10
US arms sales to Taiwan, however, could disrupt 11
the United States-Chinese relationship. 12
(g) (S) While problems exist, Japan has sought 13
to develop a broad network of relationships with 14
Beijing to help create a stable China, strengthen 15
its ties with China, and promote China's opening 16
toward the West. Although Japan has advised US 17
caution from time to time regarding US relations 18
with China, Tokyo's policies are congruent with 19
those of the United States, and continuation of 20
the current United States-China link likely would 21
find approval in Tokyo. 22
(h) (S) Both North and South Korea have exhibited 23
mixed reactions; each has expressed apprehension 24
over the prospect of reduced commitment by its 25

principal supporter. The North may see itself 1
benefiting indirectly from China's acquisition 2
of US technology and from increased contacts 3
with Japan. The ROK sees the relationship as 4
lessening tensions on the peninsula and improv- 5
ing ROK economic opportunities with China. 6
(i) (S) Vietnam and Laos oppose any Sino-United 7
States relationship and continue to strengthen 8
ties with the Soviet Union. The Association of 9
Southeast Asian Nations (ASEAN), by and large, 10
accepts the present security relationship and 11
views it as helpful to Asian stability; the 12
nations generally do not view the current relation- 13
ship as threatening. Several have expressed 14
apprehension, however, as to its longer term 15
implications. 16
(j) (S) In South Asia, India views any improvement 17
in China-United States relations as potentially 18
threatening. It fears a Washington-Beijing-Islamabad 19
axis arrayed against it. India has moved as close 20
to the USSR as it is likely to. However, if the 21
United States-China relationship grows stronger, 22
India will be more likely to improve its security 23
ties with the Soviet Union. Pakistan and most 24
other South Asian nations support a closer United 25
States-China relationship, seeing it as inhibiting 26
India and the USSR from exerting undue influence 27
over them. 28
(k) (S) In Southwest Asia and the Middle East, 29
reaction to the United States-China security rela- 30
tionship is generally independent of political align- 31
ments with East and West, although some anti-Soviet 32

countries would encourage the relationship 1
because it inhibits the USSR. Most countries in 2
Africa and the Americas would be indifferent 3
to a close United States-China relationship, 4
although those at the extremes would either 5
criticize or welcome it. 6

(l) (S) Western Europe and NATO countries have 7
encouraged United States-China security ties and 8
will likely continue so long as perspective and 9
balance are maintained. The relationship allows 10
for West European consultations on critical 11
matters, and it allows them to benefit as well. 12
Most consider China an important factor in Asian 13
stability. They view Chinese forces arrayed along 14
the Soviet border as helping to deter the USSR in 15
a modest manner, although remaining skeptical, but 16
hopeful, as to their impact in a NATO-Warsaw Pact 17
war. 18

(m) (S) The Soviet Union has developed strategic 19
and conventional military capabilities that enable 20
it to fight, and possibly win, a conventional war on 21
the NATO central front and pose a threat to the 22
survivability of at least a portion of the fixed 23
land-based US strategic forces. It has, since the 24
early 1970s, expanded its influence by developing 25
new relationships with many states, especially in 26
Asia, Africa, and the Middle East. Moscow perceives 27
the Sino-United States relationship as a threatening 28
two-front anti-Soviet alliance and, in conjunction 29

with Japan, as an incipient "Triple Entente." 1
This alliance is viewed as a new attempt to 2
contain the USSR and to provide an additional 3
counterweight against Soviet international 4
aspirations. US support to China is considered by 5
the USSR as leading to eventual buildup of China's 6
military industrial potential, modernization of 7
its Armed Forces, and modification of its defensive 8
strategy. The likely response of Moscow to the 9
current Sino-United States security relationship 10
is to consolidate ties with its allies and protector- 11
ates in Southeast Asia, Africa, and the Middle 12
East and continue to improve its own military 13
capabilities to insure its position of superiority. 14
(n) (✓) The greatest problem for US planners 15
in orchestrating the Case 1 scenario would stem 16
from defining the degree of growth in the security 17
relationship. The pace of the expansion would no 18
doubt affect China's perception of the value of 19
the relationship, and, accordingly, the development 20
of this expansion must provide sufficient flexibility 21
to extract the maximum advantage for US interests. 22

b. (U) Case 2. This case describes a retrenched United 23
States-Chinese security relationship. 24

(1) (U) A retrenched security relationship would 25
be characterized by: 26

(a) (✓) A return to an "evenhanded" US policy 27
vis-a-vis China and the USSR. It would begin 28
with a gradual retrenchment in the transfer of 29
technology, accompanied by return to a strict 30

interpretation of commodity and munitions list 1
categories for China as a Communist country. 2
Chinese requests for export of military end- 3
use or related items would likely be refused; 4
communications satellite arrangements would be 5
delayed and perhaps canceled. Equipment requested 6
would nonetheless be considered on a case-by-case 7
basis. The United States would not provide China 8
with military arms. The United States would 9
conduct trade with China based on COCOM (Coordinating 10
Committee) regulations and would withdraw support 11
for China's "special status." 12

(b) ~~(S)~~ More formal, less flexible contacts between 13
governments. Contacts among defense officials from 14
both countries would not progress beyond current 15
levels. A decrease in frequency, detail, and 16
importance in contacts would probably occur 17
over time. Visits would likely be pro forma 18
and without significant substance. Meaningful 19
exchanges of information would be even more 20
limited and restricted to only very selected 21
individuals. 22

(c) ~~(S)~~ Increased demands that Japan significantly 23
improve its defense capability and provide increased 24
support to other allies in the Pacific area. The 25
United States would encourage Japan's assumption of 26
more responsibility for Asian security and improved 27
ability to restrict Soviet moves in the region. 28

(2) (U) <u>US Interests Affected By This Relationship</u>	<u>1</u>
(a) (U) <u>Political/Economic Interests</u>	<u>2</u>
1. (P) A more distant relationship with China could reduce Soviet apprehensions concerning a United States-China axis against the USSR. Moscow would be less likely to take positive action to break the United States-China linkage. A reduction in the United States-China relationship would be looked upon as a fundamental change that would adversely affect US flexibility vis-a-vis China and likely cause apprehension among Asian nations.	<u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> <u>11</u> <u>12</u>
2. (P) Loss of technology infusion from the United States and/or the West would inhibit present Chinese plans for internal economic development and discourage participation by China in Asian Free World markets. Political and economic access to China would decrease, as would US potential to influence political or economic matters.	<u>13</u> <u>14</u> <u>15</u> <u>16</u> <u>17</u> <u>18</u> <u>19</u> <u>20</u>
(b) (U) <u>Defense/Security Interests</u>	<u>21</u>
1. (P) Curtailing development of United States-Chinese security relations would reduce the perception of China's effectiveness as a counterweight to the Soviet Union. It would likely slow also the development of any Chinese strategic military capability against the United States but would have little effect on the threat to China's land-linked neighbors.	<u>22</u> <u>23</u> <u>24</u> <u>25</u> <u>26</u> <u>27</u> <u>28</u> <u>29</u>
2. (P) US Asian allies would look with some relief at a continuation of China's limited power-projection capability but would also be apprehensive of a China unfettered by US	<u>30</u> <u>31</u> <u>32</u> <u>33</u>

influence. Prospects for cooperation between the United States and China concerning congruent security interests, such as in Pakistan, Afghanistan, and elsewhere, would likely be reduced.

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(3) (U) Implications

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(a) (✓) A US retrenchment in China policy would increase the chance of Beijing's normalizing its relations with the Soviet Union. However, a major rapprochement, resulting in cordial Sino-Soviet relations, would remain unlikely; fundamental differences will remain stumbling blocks. However, some compromises involving mutual influence in Asia and in border issues could occur. The inability to obtain US technology could, if accompanied by similar readjustments by other major Western nations, lead Beijing to turn reluctantly to Moscow for technological assistance.

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(b) (✓) Reduction in the current security relationship would confuse China's leadership and could become a major point of internal dissension. The Chinese might seek to prevent a rupture in political relations with the United States that would lead to resumption of past hostilities. On the other hand, the Chinese likely would limit their broad support for US policy and actions. Chinese leaders would be particularly wary of what such a policy implied for United States-Soviet relations.

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(c) (✓) A hardening of US policy toward technology transfer to China would pose a potentially serious threat to Beijing's modernization programs, particularly if accompanied by similar readjustments

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by other major Western nations. Chinese reaction 1
would be very negative in any case. Prospects for 2
China's internal development would dim considerably. 3
(d) (S) There would be no immediate impact on 4
Chinese military capabilities, but qualitative 5
improvements would be seriously constrained. 6
China's conventional military forces would become 7
increasingly inferior relative to the Soviet Union 8
and would thus make the PRC more vulnerable to 9
Soviet pressure. The ability of China to project 10
military force beyond its borders would remain 11
severely limited. 12
(e) (S) The Taiwan issue could take on a new 13
significance. The PRC, anticipating a US 14
shift in policy, likely would assume a more rigid 15
posture with Taiwan and with the island's 16
political and economic friends. Taiwan's 17
leadership would welcome such a retrenchment, 18
but the island would still face similar inter- 19
national problems. 20
(f) (S) A retrenchment in US policy would cause 21
unease and concern in Japan. Tokyo considers that 22
it is in Japan's best interests, and those of the 23
United States, that China be drawn closer to the 24
industrialized democracies by encouraging China's 25
pragmatic course and supporting Chinese 26
modernization. To do otherwise, the Japanese fear, 27
could risk reversal of China's current moderate 28
political and economic orientation and give impetus 29
to possible Chinese accommodation and reconciliation 30
with the Soviet Union. 31

(g) (S) On the Korean peninsula, the North would likely favor US retrenchment with China and view events as improving prospects for continued Chinese support for the North's reunification goals. The ROK would look upon the move as enhancing the US commitment to its defense but would feel more threatened by a North Korea less restrained by China. 1
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(h) (S) Communist Indochina would favor retrenchment in United States-China relations, seeing it as strengthening the Soviet position in the world. ASEAN states would be less concerned over the long-term PRC ability to seek hegemony in the area, but fears of renewed PRC support for local insurgencies would increase. Thailand, especially, would view the threat as increasingly dangerous. 9
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(i) (S) In South Asia, the deterioration in United States-China relations would likely not serve to loosen Indian-USSR ties. India would feel more confident about its position in the region; Pakistan and most others on the subcontinent, much less. 18
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(j) (S) Middle Eastern and Southwest Asian countries would view the events independently of East-West competition and would generally pursue their own interests. Reaction in Africa and the Americas would probably be very similar. Some might see opportunities in moving closer to the United States. 24
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(k) (S) West European and NATO nations could assess the situation as another confusing signal and see the directional change as another example of US wavering. They might also see such action as a US move toward detente with the USSR at the expense of both Europe and China. On the economic side, Europe would be inclined to take over the previous US role, but could find the Chinese more difficult to deal with than earlier.

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(l) (S) The Soviet Union would view its strategy vis-a-vis its two major antagonists as correct and continue to pursue present basic policies. Some compromises with China might occur, but none that would likely alter the objectives and thrust of Soviet activities. The USSR could be more sanguine about its eastern flank, an attitude that could lead to reduction of Soviet forces along the Chinese border. It would likely view its prospects in the Pacific as improving. Confidence of the Soviet Union in its performance throughout the world would likely increase and with it some corresponding expansion of its influence, unless the United States moved to counter it.

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c. (U) Case 3. This case describes a significantly enhanced United States-Chinese security relationship.

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(1) (S) A significantly enhanced security relationship could be characterized by close cooperation in which

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The United States would seek to enable the Chinese to adequately defend themselves sooner against the Soviet conventional threat. China's access to technology and items of equipment contained in the munitions and commodity control lists would be significantly expanded to include offensive weapons that serve mutual interests. The United States would not categorically deny assistance or access to items that could improve China's power projection capabilities.

(a) (S) High- and mid-level People's Liberation Army (PLA) and US military exchanges would occur with increasing frequency and lead to regular joint consultations concerning a wide variety of logistic, training, intelligence, and operational matters. Chinese military personnel would attend US military schools, including participation in high-level studies such as the Army War College Senior Fellows Program.

(b) (S) Military personnel would be assigned to the US Embassy in Beijing to oversee military equipment transfers and perform liaison duties. Formal agreements concerning security matters such as military aircraft landing, ship visits, etc., would be encouraged and implemented. Selective combined planning would take place.

- (c) (S) Active, coordinated, and integrated civil/military efforts to lay a basis for a modern Chinese defense industry would be formulated. Formal cooperation against Soviet and Soviet surrogate-backed activities and efforts to involve China in multilateral security arrangements in Asia would be undertaken.
- (2) (U) US Interests Affected By This Relationship
- (a) (U) Political/Economic Interests
1. (S) A much closer relationship could reduce the threat to US interests in Asia and stimulate cooperation between China and the United States, its allies, and its friends in the region. It could prompt the USSR to become more accommodating with the United States on political and economic issues. US flexibility, however, would be constrained by its close identification with PRC policies vis-a-vis Vietnam, India, and China's irredentist claims.
 2. (S) A much closer relationship with the United States would likely enhance the influence of China with, and respect from, its neighbors. Such a relationship could provide the framework for continued cooperation and consultation on a variety of foreign policy and

balance-of-power issues. China would likely
become more fully integrated into the region's
economic markets, providing expanded trade
opportunities for the United States, Japan, and
the ASEAN countries. Although China's economic
problems might persist, longer-term Chinese
economic policies would likely become more
compatible with those of the West and would
reinforce other positive aspects of the closer
relationship.

(b) (U) Defense/Security Interests

1. (U) The primary long-term interest served
through close, active cooperation with the PRC
would be greater movement toward a balance to
the Soviet global threat. It could decrease the
direct threat opposite NATO Europe. The NATO-
Warsaw Pact balance, however, should be independent
of reliance on China. Enhanced cooperation
would likely gain for the United States greater
insights into Chinese military strategy and
could create the potential to influence Chinese
decisionmaking. Chinese focus on more conventional
modes of international behavior would further
deter support for "revolutionary activities"
throughout the world.

2. (U) A much closer relationship could cause
North Korea to realign itself more with the
Soviet Union, thus decreasing China's ability to
control activities on the Korean peninsula. The
relationship would seriously complicate Soviet

military planning in Asia. The Soviets would be
much less likely to consider redeployment of
forces from the Chinese border toward NATO.
They could, however, move to enhance or reinforce
their own capabilities and those of Vietnam in
Southeast Asia to counter the relationship and
expected Chinese military improvements. Even
under these circumstances, in the event of a
major US-USSR confrontation, China would
not likely grant US access to PRC facilities
unless Beijing itself was already actively
involved in the military conflict or perceived
such involvement to be imminent.

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(3) (U) Implications

(a) (S) A significant expansion of US-PRC defense
relations would reinforce PRC willingness to
oppose Soviet expansion, further lessening pros-
pects for eventual Sino-Soviet rapprochement.
Beijing would, however, exercise restraint in
pursuing such ties, mindful of the danger of
antagonizing Moscow too much and precipitating
a rash Soviet response.

(b) (S) Chinese leaders would for the most part
welcome expanded ties, seeing in them the opportunity
to enhance the security of China and to facilitate
development of its technological and industrial
infrastructure. Depending upon the the nature and
pace of expansion, there would be danger of exagger-
ated expectations by some Chinese leaders, with a

possible backlash detrimental to United States-Chinese relations over the long run. Similarly, concern by conservative civilian and military groups could exacerbate internal Chinese disputes, leading to doubts as to the proper extent of United States-Chinese ties and of the Western orientation of China's modernization programs.

(c) (S) China's capability to absorb modern technology will remain limited for the next few years, imposing limits to significant external assistance programs aimed at improving Chinese military capabilities. This absorptive capability is likely to improve later in the decade.

(d) (S) Expanded US defense ties would facilitate modernization of Chinese military forces over the long run. However, major near-term improvement, possible with large-scale infusion of materiel and technology, would likely be beyond Chinese, and perhaps US, capability to support. Even with major transfers of US or Western technology and materiel, Beijing's Armed Forces would remain severely outclassed by Soviet forces until at least the end of the decade. Their potential for successfully attacking Soviet forces across the border would remain marginal at best. China's capability for projecting military force, while still quite limited, could be significantly improved in the long term.

(e) (S) The near-term PRC military threat to Taiwan would likely change little. Late in the decade, improved Chinese air and naval capabilities would potentially increase the danger to Taiwan. Taiwan would view events with increasing alarm and would intensify its efforts to find friends and allies. If it saw events moving rapidly against it, Taiwan might attempt to peacefully settle its problems with the PRC. Provision of weapons to the PRC could lead to greater flexibility in providing military arms to Taiwan, within limits tolerable to Beijing. 1
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(f) (S) A significant expansion of present US policy to permit sales of weapon systems to China would be very disturbing to Japan. Tokyo is not sanguine at the prospect of weapons sales to China by the West, including the United States, although some Japanese may believe it to be inevitable. Japanese leaders are not inclined toward a trusting view of Beijing. They are aware of the swings that have characterized Chinese domestic and foreign policies and would not be entirely confident that, in a decade or so, the successors to the present Chinese leadership would not adopt aggressive regional policies or a posture of outright hostility toward Japan itself. 13
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(g) (✓) North Korea would be concerned that 1
China would reduce its support for Pyongyang, 2
increasing the likelihood of acceptance of a 3
two-Koreas policy. The North would attempt 4
to optimize its benefits from China's new technology 5
but would likely look more to the Soviet Union to 6
counter its "wavering" Chinese neighbor. Seoul 7
would initially be very apprehensive as to the 8
North's benefiting technologically, but could see 9
some longer term utility if China became less 10
supportive of the North and more willing to deal 11
with the South. 12

(h) (✓) Vietnam and Laos would condemn any enhance- 13
ment of the United States-China security relationship, 14
would move toward the USSR, and would reluctantly 15
permit additional Soviet access to basing in the 16
area. ASEAN countries would see short-term benefits 17
to containment of Vietnamese expansionism but would 18
have longer term concern over the PRC achieving 19
regional hegemony. 20

(i) (✓) In South Asia, significant enhancement of 21
the United States-China relationship would lead 22
India reluctantly to move more closely toward 23
Moscow to offset expected increases in Chinese 24
influence. Others would privately be encouraged, 25
looking for closer United States-China ties to 26
inhibit Indian dominance over them. 27

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(j) (S) Reaction in the Middle East/Southwest Asian region would be independent of East-West lines, with each country pursuing its own interests. Reaction in Africa and the Americas would likely be similar, but with less political movement.

(k) (S) Depending on how fast and how far the relationship developed, West European and NATO nations would generally approve of the direction of the relationship and see it as contributing to a more favorable balance of world power. They would be disturbed, however, that the pace and intensity might reduce US attention and resources devoted to European interests, particularly those concerning oil matters. They would not want a United States-China relationship to threaten European detente with the Soviets--a policy accorded high priority by most Western European nations. They would fear that the world's free market economies would be adversely affected by the diversion of large economic assets to China, and the dangers of rapid adjustment to the balance of power over which they may have little control. They would not be sanguine in the face of a possibly hegemonic China operating in a vital area of the world. Consultations with these nations would be absolutely essential.

(l) (S) Moscow would likely view a close Sino-United States security relationship as transcending regional matters and as increasing significantly the danger to its own security. It would likely view the relationship as spearheading the emergence

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of a US-backed global system, including China, Japan, and NATO countries, directed against the USSR. Faced with such a situation, Soviet planners would reexamine their military capabilities and consider continued improvement to redress the perceived new imbalance. They might also attempt to reach an accommodation with one or more of the participants.

(m) (S) In such an accommodation, decoupling Western Europe would likely be viewed by the Soviet Union as the easiest course of action; secondly, decoupling Japan; then, depending on the state of relations, either China or the United States. The Soviets would probably see the United States as the country more inclined to bargain. On the other hand, assuming the USSR views its own political economic situation as sufficiently strong, it could attempt to escalate the situation and challenge the forces against it with renewed military strength.

4. (U) Conclusions

a. (S) The current United States-China relationship has thus far benefited both countries. It provides a basis for further improvement. US ties with China have compounded uncertainty for the Soviet Union, increased its concern for a two-front war, and complicated its planning efforts. Since it is likely that China's ability to influence global affairs will continue to be limited, the United States must not establish unrealistic objectives regarding

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China and the role it can or should play in world events. The United States should, instead, build a strategy that improves current and projected Chinese military capabilities, attempts to focus those capabilities toward mutually advantageous goals, and prevents China from becoming an impediment to any future US-Soviet relationship the United States may seek to develop.

b. (X) A stable, independent, and friendly China could serve US interests by, among other things, countering Soviet expansionism and influence in Asia and elsewhere; supporting stability in Asia, especially on the Korean peninsula and in the China Sea; strengthening PRC defenses against the Soviet Union; and expanding dialog on a number of other areas of common interest. To accomplish this, the United States should proceed cautiously and discretely, pacing the relationship according to the overall state of United States-China relations, the views of US allies and friends, China's willingness and ability to participate, US domestic implications, and changes in the world situation.

c. (S) The United States should continue to carefully explore what steps are necessary to assist China in laying the foundation for building and maintaining a military force sufficient for its defense needs relative to the Soviet Union and that supports US strategic objectives. Any steps must include due consideration of their potential contribution to the development of Chinese strategic weapons and power-projection capabilities.

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- d. (U) The United States should conduct affairs with Taiwan in a manner that considers PRC sensitivities and reflects both the strategic importance of China and the continuing value of Taiwan to the United States. The United States should seek to promote a peaceful resolution of the Taiwan issue, and in doing so demonstrate to Taiwan and the PRC that it is in their mutual interest to cooperate with the United States and its allies both in deterring Soviet expansion in Asia and defending against the Soviets in wartime.
- e. (S) Military dialog with China should be broadened to include a wider range of matters of mutual interest and at lower levels in the Defense Establishment. This expanded dialog could include a selective program of military observer exchanges, professional discussions, and student exchanges at certain military schools.
- f. (U) All aspects of the United States-China relationship should be fully reviewed and evaluated. Such an evaluation could best be accomplished through the interagency process.
5. (U) Recommendations
- a. (S) The United States should proceed cautiously and discretely in continuing to develop a security relationship with China, with the objective of improving Chinese military capabilities in accordance with mutually advantageous goals.
- b. (S) The United States should encourage progress toward a stable, secure China that can contribute to regional stability and mutual security objectives.
- c. (S) An interagency review of the United States-China security relationship should be conducted as a matter of priority.

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ANNEX

POSSIBLE AREAS OF UNITED STATES-PRC

SECURITY COOPERATION

(S) This annex lists a broad range of possible actions and activities that could have an impact on the United States-China security relationship. It should be clearly understood that the individual actions, as well as the identification of gains and risks accompanying each, are the result of a very limited appraisal. The Joint Chiefs of Staff do not necessarily endorse those activities that it has not specifically approved. The actions or activities are listed herein solely to stimulate further analysis during the recommended interagency review.

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I. CONSULTATIONS (U)

<u>ACTION</u>	<u>POLICY*</u> <u>IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY**</u>	<u>SOVIET REACTION**</u>	<u>COMMENT</u>
SECRET visits	No change	Establish new US Admin relationship with Chinese Minister of National Defense	Maintain momentum of relations.	Perceived over-commitment.	Can reciprocate. Linked to recent internal struggle.	Public opposition; warning.	
USD/ASD-level visits	No change	Continue momentum with new people.	Build on 1980 visits; continue mutual assessments.	Possible frustration if no perceived forward movement.	Can reciprocate. May be seen as attempt to influence Chinese internal affairs.	Internal deliberations on how to offset effects of perceived trend.	Would likely confirm Soviet suspicions.
Chairman, JCS, visit	No change likely	Begin formal military contacts between joint staffs.	Open US-China to working military level contacts.	Possibly seen as greater US commitment than intended.	PLA has no direct counter-part.	Same as above.	Should have proposals for follow-on contacts well planned.
CINCPAC visit to China	No change likely	Establish theater ties between People's Liberation Army and CINCPAC.	Open ties for CINCPAC that could benefit efforts in intelligence, planning, and coordinating allied/friendly efforts.	Could contribute to potential PLA opposition to US ties.	PLA may be unable to reciprocate.	Accelerate deliberations to include regional counter plans to possible US-Chinese cooperation.	Advise discretion in following Chairman, JCS, visit; allow impact to sink in.

* In the absence of clearly defined policy, a change reflects a deviation from current guidelines.
 ** These entries include information that is SECRET-NOT RELEASABLE TO FOREIGN NATIONALS.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Service Chief visits to China.	No change likely	Open working contacts between Services.	Framework for Service contacts as part of larger policy.	Same as for CINCPAC.	Internal discussion in PIA may hinder utility.	Would see as consistent with view of emerging US-China collusion.	Coordinate closely with Chairman, CINCPAC visits. Army first.
Regular OSD-level discussions.	No change likely	Institutionalize contacts. Framework for working-level Security Con-sultations Conference (SCC). Test extent of Chinese willing-ness to cooperate in security matters.	Regular channels of communication. Maintain pulse of developments.	Perceived as joint plan-ning vehicle. May become platform for Chinese rhetoric.	Recent appointment of Geng Biao as MWD indicates support for regular con-sultation with US.	View as collusion but possibly see as gain if US becomes frus-trated in deal-ing with China.	Semi-annual alternate host.
Regular Service-to-major command consultations.	No change likely	Facilitate professional contact, ex-change of views on operational/doctrinal matters.	Regular pattern of contacts, consultations on common interest items.	Possible adverse re-actions of Asia allies--military establishment. Chinese may cooperate only superficially.	Chinese security consciousness may inhibit regular exchanges.	Diplomatic moves and plans to counter closer US-Chinese ties. Exploit Asian fears.	Key is to approach con-sultations as equals--identify early what the mutual gains are.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Consultations among China-Japan-SEAsia-US	No change	Establish multi-lateral forums for discussions of common strategic issues. Multilateral cooperation against Soviets.	Identify, discuss common interests; confront specific differences. Multilateral cooperation against Soviets.	May be unable to establish meaningful dialogue. Other Asian nations may reject proposal	Probably hesitant to participate in multi-lateral forum unless recognized as leading member.	Diplomatic moves to undermine cooperation backed by expanded military capability in East Asia.	Goal should be consultation, not agreements. Confirm credibility to consult or cooperate.
Consult with Chinese on development of combat support/service support systems	Degree of US involvement probably requires new policy consensus, if not policy change	Enhance Chinese support capabilities for possible future cooperation.	Improve Chinese ability to support forward defense. Allow US to monitor and possibly influence direction of Chinese military improvements.	Overinvolvement in Chinese military development. Lack of understanding on part of US may hinder relations with PLA.	Chinese systems have limited compatibility with US. Difficult to merge current US methods with Chinese de-centralized system.	Would see as part of mid- to long-term program to upgrade Chinese capabilities against USSR. Step up wide range of measures to counter--reinforce borders; approach Soviet sympathizers in PLA.	Potential area for large US payoff. Requires careful centralized monitoring by USG, delicate understanding of Chinese sensibilities.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Collective security assistance to Third World to oppose Soviet/Soviet-backed activities	Policy adjustment to facilitate arms, tech transfers to Chinese	Exploit common interests in countering/reducing Soviet influence in Third World.	Chinese insights into revolutionary movements. Shift attention of revolutionary movements from Soviets to Chinese on US. Part of global, cooperative effort.	Replace Soviet with Chinese influence; results may be unpredictable.	Provide direct small arms/advisory assistance to CC tiguous areas. Influence in revolutionary movements recently diminished by pragmatic changes in government.	Probable increase in involvement, moves to reassure clients.	Potential payoffs for US-Chinese Third World cooperation need to be explained more fully. Possible key to complex N-S versus E-W priority question.
Intelligence sharing programs-- strategic assessment meetings	Requires new State/DOO approval consultation with Congress	Share intel- ligence and views on Soviets; Gain Chinese perspective on Soviet influence/ strategy.	US access to Chinese intel- ligence info; US can selectively feed Chinese information.	US tendency to give more than required; Chinese reluctance to share Chinese exploitation of technical data. Com- promise of allies in exchanges.	Chinese could use meetings to explain its strategic goals rather than engage in open dialogue.	Confirm impressions of collusion; step up measures to offset US-Chinese cooperation.	Fruitful area of cooperative effort. requiring careful consideration.

II. MILITARY-TO-MILITARY CONTACTS (U)

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Bilateral observer exchange	No change	Increase mutual understanding; learn more about PLA.	Better knowledge of Chinese capabilities/dispositions.	Minimal risk. Need to find way for Chinese to afford.	Expensive for Chinese to fund their part of exchange.	See as part of larger pattern of US-Chinese cooperation.	Traditional form of inter-change among nations' Services.
Expand Corps of Engineer contacts	No change	Expand professional contacts based on civil works ties.	Overlap with civil ties. Contribute to Chinese economic infrastructure. Means of facing systems differences in approaches to common problems.	Chinese absorb US contributions with little tangible return.	Indigenous methods/systems limits compatibility with US methods.	No direct objection.	Interrelationship among civil/military activities offers flexibility in working military relationship.
Exchange training course material	No change. Current OSD memorandum requires prior OSD (ISA) permission.	Facilitate professional exchanges.	Intelligence gain for US. Better Chinese understanding of US systems. Possible influence on Chinese doctrine development.	Lack of US control over agencies who may make materials available.	Chinese reticence in distributing internal documents. Problem of face over concern that indigenous systems may appear backwards relative to US.	No direct reaction. May seek to exploit Chinese sources to gain access to US materials.	Specific program to allow access to unclassified materials.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Ship visits	No change. Announcement of visits seen as indicator of new commitment.	Indicate normalized military relations with China. Lay basis for potential fleet support.	Chinese formal acceptance of US Navy presence. Intelligence gain. Sign of cooperation in countering expanded Soviet naval presence.	Chinese demands tied to US arms sales to Taiwan.	Capable of hosting modern ships. Have indicated continued objection to ship visits while US sells arms to Taiwan.	Increase pace of own naval expansion. New assistance to Vietnamese. Requests to Chinese for own visits. Increase pressure on ASEAN for port visits.	Ship visits flexible pol/mil diplomatic tool. Should be pursued.
TACAIR visits	No Change. Some indicator of new commitment as ship visits.	Indicate normalized military relations. Signal willingness to consider military cooperation with Chinese.	Chinese indication of willingness to cooperate with US. Intelligence gain. Knowledge of Chinese air fields. Promote mutual understanding.	Allies may react adversely; some risk of compromise.	Probably limit US access to well-known air fields, areas. Attempt to exploit US presence to expand technology, portray greater than actual image of cooperation.	Indicate direct concern. Increase pressure on ASEAN for similar access. Possibly posture on sensitive border areas.	Flexible tool, similar to ship visits. Requires extensive US-Chinese coordination.
Participation in Service training programs	Yes; especially if funded by FMS/International Military Education and Training	Provide variety of technical and professional courses to Chinese military.	Chinese introduced to standard US military education system; influence doctrinal development of PLA.	Disclosure matters become more important; elevates risk of access to material.	Chinese likely to be unable to reciprocate.	Increased suspicion of collusion.	Likely to be the most significant level of assistance needed.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Individual and unit exchange	Yes; in order to authorize assignments and funding	Promote mutual understanding, contribute to development of overall relationship.	Intelligence gain. Absorb Chinese techniques for inner-Asian theaters. Begin orientation of US Pacific commanders.	Chinese may attempt to provide little in return for own exchanges.	May be too expensive for Chinese to fund their side without US assistance (FMS or IMET).	Incorporate opposition into propaganda campaign against US-Chinese collusion. Direct against US Asian friends and allies.	Begin with individual exchanges. FAO program offers good initial source of exchange officers.
Security Assistance Survey Team	Yes; symbol of direct military involvement	Provide in-depth assessment of Chinese military capabilities in order to develop cooperative effort.	Enhance knowledge of Chinese military system; basis for arms sales/security assistance decisions, military planning.	Seen as direct escalation of US-Chinese military cooperation.	Strong reservation over full scale survey.	Voice strong opposition to US-Chinese collusion. Speed up measures to strengthen security posture elsewhere -- SRV, NK, border forces.	Key to success of survey is to approach as equal partner; recognize Chinese sensitivities toward appearances of aid, US condemnation.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Defense Cooperation Office (DCO)	Yes: implies arms sales; direct military cooperation	In-country office to facilitate defense cooperation.	Direct coordination with Chinese PND. Centralized country coordination capability.	Raise Chinese expectations too high.	Chinese may hesitate to allow full-scale DCO; see as indicator of interference. Other countries will request similar facilities.	Direct warnings to US and China about defense cooperation.	DCO must respect Chinese sensitivities to appearances of aid/advisers. Emphasize treatment as equals. Coordinate closely with DAO.
Combined bilateral training	Yes: involves direct military exchanges, assistance	Promote mutual understanding, move toward possible interoperability.	Direct contact with Chinese units. Possible influence on development of Chinese capabilities with US operations.	Benefits may not be long lasting--not commensurate with long-term cost of commitment implied.	Training in China very expensive. Chinese hesitancy to allow US troops in country. Sensitivity of other Asian countries to Chinese training outside China.	Direct Soviet propaganda re-up efforts to undermine US-Chinese cooperation: attract Asian allies.	Logical step in progression of professional exchanges--made subject to favorable development of relationship at less involved levels.

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<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Combined military planning	Yes: major policy change	Promote Chinese-US cooperation in global conflict.	Close coordination with Chinese against Soviets. US understanding of Chinese capability and intent in war against Soviets. Influence Chinese planning.	International reaction, especially among allies suspicious of bilateral ties. Chinese may not commit assets, exploit US strength.	Hesitant to share planning resources, capabilities.	Intense reaction matched by build-up of capabilities. Require more detailed planning to counter US-Chinese co-operation.	Would represent culmination of security relationship. Undertaken only under conditions of impending conflict/carefully coordinated with allies.
Combined military exercise	Yes: major policy change	Promote interoperability. Establish capability to conduct combined operations. Promote Chinese US cooperation in global conflict.	Close coordination with Chinese in event of global conflict with Soviets. Clear understanding of Chinese capabilities would support US planning.	International reaction to cooperation. Large-scale commitment of resources may detract from other priorities.	Training in Chinese territory. Chinese will attempt to exploit US equipment, systems. Unlikely to move to exercises short of impending conflict.	Consider directly threatening to security in East Asia. Probably take indirect steps to hinder US movement of units.	Would represent culmination of security relationship. Considered as measure against Soviets only under conditions of impending conflict.

III. EQUIPMENT AND TECHNOLOGY TRANSFER (U)

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Separate control categories for technology transfer	1960 NSC directive	Place Chinese in category that distinguishes it from Soviet Bloc.	Greater policy flexibility; allow case-by-case assessment.	Chinese may attempt to exploit by excessive demands for high technology.	Chinese unfamiliar with US transfer mechanisms.	Soviets probably assume favorable US treatment for Chinese.	Greatest continued impact would be on US system.
Short-haul cargo aircraft (C-130)	No change; sales under negotiation	Enhance Chinese internal mobility.	Step toward improving Chinese ability to move and supply PLA. Benefit to US sales. Spinoff contribution to Chinese economy.	Improve lift capability for operation against Taiwan and land-connected Asian nations.	Purchase of short-haul aircraft may be on margin of priority for Chinese purchases. Can absorb technically.	No direct re-action. Consider as part of general military buildup.	Mutually beneficial purchase.
Utility helicopters	No change; unarmed version on current approved export control letter	Enhance ground force mobility.	Contribute to upgrading Chinese combat doctrine. Sale benefits to US. Spinoff benefits to civilian economy.	Improve lift capability for operations against land-connected Asian states.	Lack of funds precludes large-scale purchase. May look to coproduction agreement.	View as part of long term, general buildup.	Chinese now have agreement to purchase French DAUPHINE.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Actively encourage and assist Chinese purchase of dual-use equipment approved for sale	No change: greater emphasis on active ties	Demonstrate movement on both sides toward closer ties within current limits.	Chinese experience in dealing with US firms, bureaucracy. Sales to US firms. Chinese familiarity with US equipment.	Overload Chinese economic system: will give China capability to produce both military and civilian items.	Chinese lack funds for major purchases. Looking for models to copy.	Respond with warnings to Asian countries of US-Chinese collusion.	Items could include bridge-laying equipment, combat vehicle engine/transmission and air defense search radars. Items must exclude those on Military Critical Technology List.
Reconnaissance equipment, aerial communication systems, Side Looking Airborne Radar	Technically covered by export control letter but would require high-level approval	Enhance Chinese intelligence capabilities in support of US.	Improved Chinese early warning system. Open door for co-operation with US.	Chinese may transfer technology to North Korea or others.	Possible Chinese mobility to adapt to sophisticated system.	Move to counter new Chinese capability. Forced to improve OPSEC.	Good area short of arms sales for US-Chinese cooperation. Should not include E-2A or E-2C.
Optics: image intensifying equipment	Yes, if Chinese request beyond first and second generation	Enhance ground defense capability.	Enhanced Chinese antiarmor capability.	Chinese may transfer technology to North Korea or others.	Able to absorb second and third generation equipment. State of art is beyond Chinese requirements.	Take measures to adapt to possible policy reaction in US.	Considered in response to formal OSD request for possible consequence.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Revise Coordinating Committee guidelines to facilitate lateral transfer of technology	Yes: international approval by members.	Facilitate and coordinate multi-lateral efforts to enhance Chinese military capability.	Greater Chinese access to technology. Set up framework for common approach to military assistance.	Loose competition among members to sell technology to China.	Willingness to absorb whatever can be bought from West. Will shop for best buys.	Actively oppose, especially by pressuring NATO allies. May also demand similar access.	Effort to change guidelines should focus on two objectives—enhancement of Chinese capabilities and multilateral cooperation.
Eligibility for FMS and IMET	Yes	Allow same access to US military facilities, goods as other nonallied, friendly nations.	Facilitate access to US military equipment, training. Step toward normalized military relations.	Requests may strain US system.	Lack of funds for defense modernization may preclude participation for some time.	Low-level opposition consistent with increased formal contacts.	Would represent major step towards direct military cooperation. Leaves much room for maneuvering in relationships.
Remove restrictions on arms sales to China	Yes: major decision	Permit arms sales to China.	Enhance access to modern weapons system/improve combat capabilities.	US may not orchestrate policy effectively. China could use against US friends.	Will attempt to make minimum purchases, keep market alive at minimum cost.	Increase direct and indirect efforts to counter expanded sales.	Requires controlled centralized US management. Initial items could include: F-8 upgrade equipment, antitank guided missiles (ATGMs), air-to-air missiles, air defense weapons.

<u>ACTION</u>	<u>POLICY IMPLICATIONS</u>	<u>PURPOSE</u>	<u>GAIN</u>	<u>RISK</u>	<u>CHINESE CAPABILITY</u>	<u>SOVIET REACTION</u>	<u>COMMENT</u>
Allow sale of conventional ground force weapon systems	Yes: congressional approval to amend arms export control letter	Enhance ground force capabilities against Soviets.	Positive step toward offsetting Soviet ground threat. Introduce US weapons systems--allow to break away from old Soviet designs.	Chinese exploit access to US technology, circumvent sales agreements. Basis for updated weapons industry.	Priority weapons purchases. Lack of funds would preclude large-scale purchases. Looking to develop production capability. Begin with 2d/3d-generation equipment, not state of art.	Adapt tactical doctrine to accommodate improved ATGM, air defense. Upgrade Asia forces to retain edge.	Priority to ATGM and air defense. May include armor upgrade items.
Attack helicopters	Yes: direct arms transfer	Significantly enhance Chinese ground force capability, in particular antiarmor.	Enhanced Chinese ability to counter Soviet armor threat. Step toward development of modern combat doctrine.	Enhance capability against Taiwan. Chinese circumvent purchase agreement and produce on own. US involvement in training and teaching maintenance, etc.	Lack of funds. Attempt to exploit small number of copies. Time required to adapt/train pilots/crews and development of doctrine will slow down Chinese deployment.	Move to compensate directly for new Chinese capability in order to retain margin of superiority.	

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ENCLOSURE B

THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20315

JCSM-159-8J
11 May 1981

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: United States-China Security Relationship (U)

1. (S) Since US recognition of the People's Republic of China (PRC) in December 1978, the United States-China relationship has expanded rapidly. Although manifested primarily in increased contacts between high-level defense officials, that relationship has also resulted in a number of policy decisions impacting on security issues. Authorization for increased Chinese commercial ship visits to US ports, granting of overflight routes to the Civil Aviation Administration of China, and approval to sell certain types of military-related equipment to China are examples. These contacts and decisions, though, have occurred in the absence of a broad national policy providing direction and purpose to the evolving relationship.

2. (S) A need clearly exists for a comprehensive national policy review addressing the role of China in US security. That need is underscored by the complex interrelationships between the civilian and military aspects of US policy and the serious Soviet challenge faced by the United States over the next decade--a challenge characterized by an increasingly assertive Soviet foreign policy. Soviet military planners have devoted a significant share of their not unlimited resources to forces opposite China. Thus, any expanded security relationship between the PRC and the United States will likely influence Soviet strategy. Management of that relationship could be one of the more significant security tasks of the 1980s.

3. (U) From a security standpoint, the interagency review should address, but not be limited to:

- a. (S) The role of China in US security.
- b. (S) Areas of possible military cooperation, with assessment of gains and risks.
- c. (S) Actions the Chinese are now taking or could take that would serve US interests, e.g.:

(1) (S) Countering Soviet expansionism and influence in Asia and elsewhere.

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Enclosure B

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(2) (✓) Supporting stability in Asia, especially on the Korean peninsula and in the China Sea.

(3) (✓) Strengthening PRC defenses against the Soviet Union.

(4) (✓) Expanding dialog on a number of other areas of common interest.

(5) (✓) Cooperation in global conflict.

d. (✓) Integration of military and civilian initiatives in development of a long-range policy.

4. (✓) The assessment in the Annex to the Appendix[#] was conducted by the Joint Staff in conjunction with the Services, PACOM, and DIA. It provides an overview of the major elements and implications of a United States-China security relationship and is submitted as the JCS contribution to a more comprehensive interagency policy review.

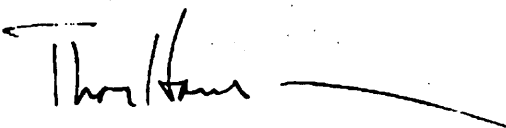
5. (U) The Joint Chiefs of Staff recommend that:

a. (✓) The United States proceed cautiously and discretely in continuing to develop a security relationship with China, with the objective of improving Chinese military capabilities in accordance with mutually advantageous goals.

b. (✓) The United States encourage progress toward a stable, secure China that can contribute to regional stability and mutual objectives.

c. (✓) A memorandum, substantially like that in the Appendix, with its Annex, recommending that an interagency review be conducted as a matter of priority, be sent to the Secretary of State.

For the Joint Chiefs of Staff:


THOR HANSON
Vice Admiral, USN
Director, Joint Staff

Attachments

Enclosure A (less the Annex)

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Enclosure B

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APPENDIX TO ENCLOSURE B
DRAFT

MEMORANDUM FOR THE SECRETARY OF STATE

Subject: United States-China Security Relationships (U)

1. (S) Since US recognition of the People's Republic of China (PRC) in December 1978, relationships between the two nations have expanded rapidly. In addition to increased contacts between government officials, a number of policy decisions that impact on security issues have been made during that brief period.

2. (S) Since the relationship has been of strategic benefit to both China and the United States, and in view of the potential for expansion of security aspects of our relationship with China, it is an appropriate time to review our national policy regarding China. From a security standpoint, an interagency review should address, but not be limited to, actions the Chinese are taking or could take that would serve US interests; the role of China in US security; areas of possible defense cooperation between the two nations; and the integration of military and civilian initiatives in the development of our long-range policy.

3. (S) The attached assessment¹ was conducted by the Joint Chiefs of Staff, provides an overview of the major elements and implications of a United States-China security relationship, and is submitted as a contribution to a more comprehensive interagency policy review.

4. (U) I look forward to participating in an interagency review of such importance and hope you find our contribution helpful.

Enclosure A, less Annex

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Appendix to
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