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SECTION 01 OF 04 BEIJING 03657

WHITE HOUSE FOR STEVE STUDDERT AND JOHN KELLER
STATE FOR A/TSS JEANNIE BULL
STATE ALSO FOR EAP/CM WILLIAMS AND P/M LEHOVICH

E.O. 12356:DECL:OADR
TAGS: OVIP (BUSH, GEORGE), CH, .PREL, MARR
SUBJECT: U.S.—PRC MILITARY RELATIONSHIP -- ON THE EVE
OF THE PRESIDENT’S VISIT

1. --- ENTIRE TEXT

2. BACKGROUND AND SUMMARY

— CHINA HAS AND WILL CONTINUE TO LOOK TO THE U.S., AMONG WESTERN NATIONS, TO SUPPORT ITS MILITARY MODERNIZATION EFFORTS. CONSERVATIVE AND IDEOLOGICAL ELEMENTS WITHIN THE CHINESE HIERARCHY TENDED TO ACT AS A BRAKE ON MILITARY-TO-MILITARY PROGRESS DURING THE EARLY AND MID-1980’S; IN LATE 1987, THE U.S. BASICALLY

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PLACED THE RELATIONSHIP ON HOLD FOR SEVERAL MONTHS
BECAUSE OF OUR CONCERN OVER THE SILKWORM MISSILE SALES
TO IRAN PROBLEM. NONETHELESS, SINCE 1986, PROGRESS HAS BEEN SUBSTANTIAL. CHINESE RESTRAINT AND WILLINGNESS TO CONDUCT CONSTRUCTIVE DIALOGUE ON MISSILE SALES, HAS PERMITTED SIGNIFICANT MOVEMENT IN THE PAST YEAR. HIGH LEVEL VISITS EACH WAY HAVE RESUMED; FUNCTIONAL AND

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: ROBERT J. MARTENS
DATE/CASE ID: 24 MAR 1999 199802757

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ACADEMIC EXCHANGES ARE MOVING FORWARD IN KEY AREAS; AND FOREIGN MILITARY SALES TO CHINA ARE APPROACHING EIGHT HUNDRED MILLION DOLLARS. FOREIGN COMMERCIAL SALES OF MILITARY-RELATED EQUIPMENT TO CHINA BY U.S. COMPANIES ARE INCREASING STEADILY. WHILE WE WANT TO ENCOURAGE THIS TRENDS FOR POLITICAL AND COMMERCIAL REASONS, WE WILL HAVE TO CONTINUE TO REVIEW ALL SALES CAREFULLY ON A CASE-BY-CASE BASIS TO ENSURE THEY DO NOT UPSET DELICATE POWER RELATIONSHIPS VIS-A-VIS ASEAN, JAPAN, AND TAIWAN. THE PRESIDENT'S KEY MEETINGS WILL BE WITH THE THREE TOP MEMBERS OF THE CENTRAL MILITARY COMMISSION (DENG, YANG AND ZHAO) PERHAPS THE SINGLE MOST POWERFUL UNIT IN CHINA. THE PRESIDENT'S VISIT WILL REINFORCE THE IMPORTANT MILITARY DIMENSIONS IN THE CONTEXT OF THE OVERALL SINO-U.S. RELATIONSHIP. OUR OVERALL OBJECTIVE IS TO BUILD ON AND ADVANCE THE SINO-AMERICAN MILITARY RELATIONSHIP THAT EVOLVED DURING THE REAGAN ADMINISTRATION. AS INDICATED ABOVE, WE WILL WANT TO MAINTAIN A GRADUAL PACE SO AS NOT TO BE PROVOCATIVE TO OUR ASIAN FRIENDS AND ALLIES. END BACKGROUND/SUMMARY

3. CHINESE NATIONAL SECURITY GOALS

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- MILITARY MODERNIZATION: CHINA'S STRATEGIC COURSE

OF REDUCING TENSIONS WITH THE SOVIET UNION AND OTHER POTENTIAL ADVERSARIES AROUND ITS PERIPHERY IS AIMED AT PERMITTING THE LUXURY OF LONG RANGE PLANNING AND REDUCED RESOURCE ALLOCATION FOR DEFENSE, CONSISTENT WITH ITS INTERNAL MODERNIZATION DRIVE. THE PRC IS SEEKING TO FIELD AN ARMY ABLE TO FIGHT A WAR UNDER MODERN CONDITIONS BY THE END OF THE CENTURY. REALIZATION OF ITS GOAL WILL DEPEND TO A GREAT EXTENT ON A VIBRANT AND MUCH IMPROVED NATIONAL ECONOMY. SINCE 1978, SPENDING ON THE NATIONAL DEFENSE PROGRAM HAS REMAINED THE LOWEST PRIORITY OF THE "FOUR MODERNIZATIONS." MILITARY UNITS ARE NOW REQUIRED TO EXPEND SOME OF THEIR OPERATIONAL RESOURCES IN THE PRODUCTION OF CIVILIAN COMMERCIAL ITEMS IN ORDER TO EARN AS MUCH AS THIRTY PERCENT OF THE MILITARY BUDGET. ARMS SALES ABROAD HAVE ALSO BECOME A CRITICALLY IMPORTANT SOURCE OF THE FOREIGN EXCHANGE NEEDED TO PURCHASE SELECTED ITEMS OF FOREIGN TECHNOLOGY AND MILITARY EQUIPMENT. WE ESTIMATE THAT ARMS SALES ACCOUNT FOR ROUGHLY ANOTHER THIRTY PERCENT OF THE PLA'S BUDGET.
THE LEADERSHIP OF THE CHINESE PEOPLE’S LIBERATION ARMY IS UNDERGOING A TRANSITION TO MUCH YOUNGER AND BETTER EDUCATED OFFICERS. THE MILITARY RECENTLY RETURNED TO A RANK SYSTEM ON THE FIRST OF OCTOBER, AND ACQUIRED NEW UNIFORMS AT THE SAME TIME. THE PLA IS PUTTING IN PLACE A CIVIL SERVICE SYSTEM SIMILAR, IN MANY RESPECTS, TO OURS. IN ADDITION, THE CHINESE MILITARY CONTINUES TO SEEK FOREIGN ASSISTANCE TO ADVANCE TECHNICALLY ITS INDIGENOUS MILITARY RESEARCH AND DEVELOPMENT CAPABILITY SO AS TO PRODUCE MODERN
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WEAPONRY NECESSARY TO SUPPORT AN EVOLVING MODERN
MILITARY DOCTRINE. THESE INITIATIVES AND OTHERS ADD UP
TO VERY AMBITIOUS MILITARY REFORMS -- ALL OF WHICH ARE
TAKING PLACE IN AN ENVIRONMENT OF FISCAL AUSTERITY.

- CHINA'S MILITARY MODERNIZATION PLAYS AN IMPORTANT
ROLE IN AN EMERGING ASSERTIVENESS AND A DRIVE FOR
INFLUENCE IN INTERNATIONAL AFFAIRS. WHILE CHINA
CONTINUES TO PURSUE AN "INDEPENDENT" FOREIGN POLICY
LINE, IT IS DEPENDENT ON THE WEST, PARTICULARLY THE
U.S., EUROPE, AND JAPAN, FOR THE CAPITAL, MARKETS AND
ADVANCED TECHNOLOGY ESSENTIAL TO ITS OVERARCHING

MODERNIZATION PRIORITIES, INCLUDING THE MILITARY. IN
ASIA, WHERE THE CHINESE DEVOTE SUBSTANTIAL RESOURCES
AND WIELD MAJOR INFLUENCE, OUR POLICIES CONVERGE OR RUN
PARALLEL ON MOST ISSUES.

4. MILITARY AND THE SUCCESSION

- AS DENG APPROACHES FULL RETIREMENT, HIS SUCCESSION
BECOMES A TOPIC OF INCREASING IMPORTANCE. SUPPORT OF
THE CHINESE MILITARY HISTORICALLY HAS BEEN A KEY
DIMENSION OF THE SUCCESSION PROCESS AND THE ABILITY OF
A "CHosen" SUCCESSOR TO RETAIN HIS GRIP ON THE REINS OF
POWER. HU YAOBANG'S FALL WAS PARTLY DUE TO PLA
OPPOSITION. ZHAO ZIYANG MAY NOT YET HAVE ESTABLISHED
HIS CREDENTIALS WITHIN THE MILITARY AND MAYBE WILL
NEVER BE ABLE TO DO SO, NOTWITHSTANDING HIS 1987
ELEVATION TO THE NUMBER TWO TITULAR POSITION IN THE CPC
PARTY MILITARY COMMISSION. AT A RECENT CENTRAL
MILITARY COMMISSION MEETING ZHAO ZIYANG WAS PLACED IN
THE ROLE OF A CENTRAL PLAYER; HE AND DENG APPARENTLY
REALIZING THAT BECAUSE ZHAO DOES NOT HAVE A STRONG
MILITARY POWER BASE, IT IS IMPORTANT TO
CONTINUALLY ATTEMPT TO FORGE INCREASING TIES BETWEEN
ZHAO AND THE MILITARY. AS DENG FADES FROM THE SCENE,
THE IMPORTANCE OF ATTAINING AND MAINTAINING TIES TO KEY
MILITARY LEADERS BECOMES A SUBJECT OF INCREASED CONCERN
AND EFFORT FOR THOSE WHO SEEK THE MANTE OF INTERNAL
POWER. AGING PRESIDENT YANG SHANGKUN (DE FACTO HEAD OF
THE PLA AND FIRST PERMANENT VICE CHAIRMAN OF THE CPC
MILITARY COMMISSION) WILL PLAY A MAJOR ROLE IN THE
SUCCESSION PROCESS SHOULD DENG DIE BEFORE HIM. IT IS IMPORTANT FOR THE U.S. TO NURTURE CLOSE RELATIONSHIPS SECRET

WITH THE MILITARY AS A KEY DIMENSION OF THE INTERNAL POWER STRUCTURE. THE MILITARY ALSO SIGNIFICANTLY INFLUENCES OR ARE STRATEGICALLY PLACED TO VETO CHINESE POLICIES ON ARMS CONTROL ISSUES, INCLUDING STRATEGIC ARMS, BALLISTIC MISSILES, AND CHEMICAL WEAPONS PROLIFERATION.

5. SINO-SOVIET MILITARY RELATIONS

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- THE RECENT VISIT OF SOVIET FOREIGN MINISTER SHEVARDNADZE TO BEIJING AND PLANS FOR A VISIT BY GENERAL SECRETARY GORBACHEV TO BEIJING IN MAY SYMBOLIZE IMPROVING SINO-SOVIET POLITICAL RELATIONS. FOLLOWING SEVEN YEARS OF GRADUAL GROWTH IN NON-POLITICAL/MILITARY ASPECTS OF THE RELATIONSHIP (CULTURAL, ECONOMIC, SCIENTIFIC), GORBACHEV’S ARRIVAL AS CPSU GENERAL SECRETARY AS WELL AS PRESIDENT WILL SIGNAL MOVEMENT IN PARTY TO PARTY TIES AS WELL. MILITARY RELATIONS WILL PROBABLY BE THE LAST TO FOLLOW. MILITARY-TO-MILITARY PROGRESS MOST LIKELY WILL BE MODEST, CERTAINLY NEVER REACHING THE LEVEL OF MILITARY COOPERATION IN THE 1950’S. THERE CONTINUES TO BE RESIDUAL ILL-FEELING WITHIN THE PLA TOWARDS THE SOVIET MILITARY. ADDITIONALLY, THE SOVIET UNION REMAINS CHINA’S PRINCIPAL FUTURE THREAT, HISTORICALLY, GEOGRAPHICALLY AND GEOPOLITICALLY. THE PLA’S CHALLENGE FOR THE FUTURE AND THE PRIMARY RATIONALE FOR ITS BUDGET REQUESTS ARE TO COUNTER THAT THREAT. FOR THE CHINESE, A VERY CLOSE RELATIONSHIP TO THE SOVIET MILITARY COULD HAVE SOME SHORT TERM GAIN BUT WOULD BE DETRIMENTAL IN THE LONG TERM. EASING TENSIONS AND REDUCING THE SOVIET THREAT
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- BILATERAL DIFFERENCES. AGAINST THIS BROAD BACKDROP OF COOPERATION, SOURCES OF BILATERAL FRICTION REMAIN, INCLUDING POTENTIAL CHINESE MISSILE SALES, TAIWAN, AND HUMAN RIGHTS ISSUES GENERALLY, INCLUDING TIBET. SOME AMERICANS ALONG WITH OUR FRIENDS IN THE REGION VIEW WARILY CHINA'S EMERGENCE AS A MAJOR POWER AND ITS ATTEMPTS TO BUILD INFLUENCE AROUND THE WORLD. A POTENTIAL AREA OF FUTURE DISAGREEMENT IS THE SPRATLY ISLANDS WHERE PRC AMBITIONS COULD LEAD CHINA INTO CONFLICT NOT ONLY WITH VIETNAM BUT OUR ASEAN FRIENDS AS WELL.

7. THEMES FOR DISCUSSION DURING THE PRESIDENT'S VISIT

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A. U.S. THEMES

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- 1) EMPHASIZE THE POSITIVE RESULTS OF A CONTINUING IMPROVEMENT IN RELATIONSHIPS BETWEEN OUR TWO MILITARIES WHICH ARE AN IMPORTANT MEANS FOR BETTER UNDERSTANDING BETWEEN OUR TWO NATIONS.

- 2) DEFENSE RELATIONSHIP

--NOTE CHINA'S ROLE AND RESPONSIBILITY AS A KEY WORLD ACTOR IN CURBING TENSIONS AND STRENGTHENING STABILITY, IN SALES OF ARMS, MISSILES, CHEMICAL AND NUCLEAR WEAPON COMPONENTS.

- 3) BALLISTIC MISSILES

--SEEK REAFFIRMATION OF CHINESE ASSURANCES THAT PRC WILL NOT SELL INTERMEDIATE RANGE MISSILES TO COUNTRIES OTHER THAN SAUDI ARABIA. MENTION OUR IMMEDIATE CONCERN
ABOUT PAKISTAN.

--SEEK, AS POSSIBLE, AN EXPLICIT CHINESE STATEMENT THAT THESE ASSURANCES APPLY TO ALL MISSILES WITH A RANGE GREATER THAN 300 KMS.

--URGE CHINESE ASSOCIATION WITH MULTILATERAL EFFORTS TO CONTAIN MISSILE PROLIFERATION.

4) ARMS CONTROL

--SUGGEST INTENSIFICATION OF OUR ONGOING DIALOGUE ON ARMS CONTROL THROUGH THE ANNUAL ACDA-MFA TALKS AND THE NEWLY INITIATED POLITICAL-MILITARY TALKS BETWEEN THE FOREIGN MINISTRIES.

--SEEK AGREEMENT ON CONTINUED EXCELLENT COOPERATION
WHITE HOUSE FOR STEVE STUDDERT AND JOHN KELLER

STATE FOR A/TSS JEANNIE BULL

STATE ALSO FOR EAP/CM WILLIAMS AND P/M LEHOVICH

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WITH CHINA IN GENEVA IN BRINGING A COMPREHENSIVE,
VERIFIABLE BAN ON CHEMICAL WEAPONS INTO BEING WITHIN A
SHORT PERIOD OF TIME.

- 5) NUCLEAR PROLIFERATION

--DISCUSS OUR ONGOING CONCERNS REGARDING NUCLEAR
PROLIFERATION, WITH THE ACCENT ON SOUTH ASIA.

--REPEAT OUR CONCERN AND ASK FOR ASSURANCES CONCERNING
CHINA’S INTENTIONS RE PAKISTAN IN THE NUCLEAR AREAS.

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B. LIKELY CHINESE THEMES

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- 1) CHINESE LEADERS MAY ASK ABOUT FURTHER
RELAXATION OF TECHNOLOGICAL CONTROLS FOR
MILITARY-RELATED EQUIPMENT. WE CAN NOTE PROGRESS ON
SPACE LAUNCH SERVICES SINCE SECRETARY CARLUCCI’S VISIT
AND HAVE BEEN FORTHCOMING ON OTHER CHINESE INTERESTS
SUCH AS THE GE 404 ENGINE AND AIRBORNE EARLY WARNING
EQUIPMENT.

- 2) CHINESE LEADERS MAY ASSURE US THAT WHILE THE
THAW IN SINO-SOVIEt RELATIONS MAY LEAD TO SOME EXPANDED
MILITARY CONTACTS WITH THE SOVIETS, THOSE CONTACTS
SHOULD NOT BE SEEN AS THREATENING THE U.S. AND WILL
CERTAINLY BE DIFFERENT IN FORM AND CONTENT FROM THAT
WHICH EXISTED IN THE 1950’S. WE CAN ACCEPT THIS
ASSURANCE AND REGISTER OUR INTENTION IN TURN NOT TO
PERMIT IMPROVING U.S.-SOVIET RELATIONS TO IMPAIR OUR
TIES WITH OTHER COUNTRIES.

- 3) FOR THE PAST SEVERAL MONTHS, WE HAVE
PERSISTENTLY RESISTED CHINESE REQUESTS FOR AN AIR
REFUELING AIRCRAFT. THE DECISION WAS PROBABLY MADE AT
THE HIGHEST LEVELS (DENG OR YANG) TO GO ALL OUT TO
OBTAIN THE CAPABILITY. WE HAVE BEEN APPROACHED SEVERAL TIMES AS HAVE OTHERS. THE UK HAS HAD A REQUEST TO SELL A REFUELER AIRCRAFT TO CHINA STUCK IN COCOM FOR MONTHS. THE JAPANESE HAVE BEEN STRONGLY AGAINST APPROVAL. REFUELER AIRCRAFT REPRESENT A FUTURE POWER PROJECTION CAPABILITY THAT THE JAPANESE, ASEAN AND OTHERS WOULD BE FIRMLY AGAINST. LORD.