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Central Intelligence Agency



Washington, D.C. 20505

**DIRECTORATE OF INTELLIGENCE**

19 September 1986

**China and the Iran-Iraq Conflict**

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**Summary**

Beijing is now Iran's largest supplier of weapons, agreeing late last year to provide Tehran some \$1 billion in antiship missiles, surface-to-air missiles, artillery pieces, as well as small arms and ammunition. Prior to this year, China only sold Iran small arms through North Korean intermediaries. Ironically, China's largest arms customer is Iraq. We estimate that over the last six years Beijing has sold Baghdad over \$6 billion in arms including some 2,000 tanks and armored personnel carriers, fighter aircraft and medium bombers.

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Thus far this year, Beijing has delivered at least \$300 million worth of equipment to Iran and trained nearly 100 Iranian military personnel in China. In April and May, the first deliveries occurred when Chinese merchant ships transported three of 12 batteries in a \$400 million sale of surface-to-air missile systems to the Iranian port of Bandar-e Abbas.

This memorandum was prepared by [redacted] Office of East Asian Analysis. Information available as of 19 September 1986 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, International Security Branch, China Division, OEA, [redacted]

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- China's civilian leaders are concerned about recent drops in China's foreign exchange holdings and the military leadership, for its part, supports arms exports because they assist defense industry modernization and help finance the purchase of advanced military technology from the West. [Redacted]

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**Diplomatic efforts by the United States and moderate Arab countries to curtail Chinese arms sales to Iran have had little effect and Beijing may soon add fighter aircraft and tanks to its Iranian exports.**

[Redacted]

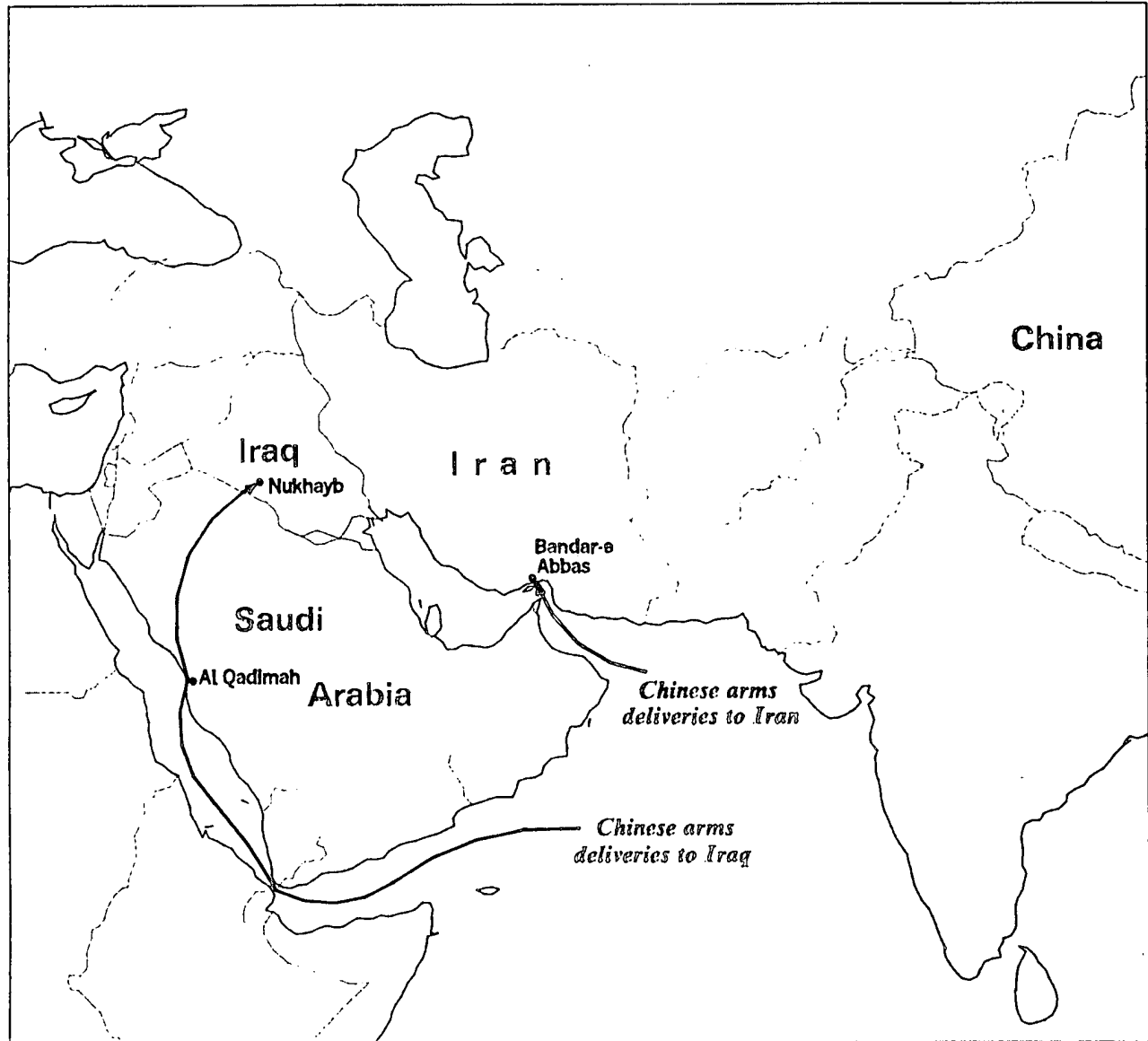
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**We judge it will be difficult to dissuade Beijing from new arms sales to Iran unless the Chinese are persuaded that their "defensive equipment" sales increase Iran's offensive capabilities toward Iraq and enhance the danger of hostilities spreading throughout the region.**

[Redacted]

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### Chinese Arms Deliveries in the Middle East



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- The recently acquired air defense weapons are too few and obsolete to increase substantially the threat to Iraqi aircraft, but the Chinese-supplied antiship missiles would help Iran close the Strait of Hormuz to all shipping and increase the threat to US or western naval vessels attempting to reopen the passage.
- New aircraft would significantly increase Iran's capability to bomb targets in Iraq, oil facilities in the Arab Gulf countries, and tankers in the Persian Gulf. [Redacted]

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**Chinese equipment will help Iran replace its losses and, along with other foreign supplies, enable Tehran to continue the war indefinitely. The new artillery and ammunition are likely to be used to support more offensives, such as the one at Al Faw in February, where firepower played a key role in Iran's battlefield success.**

- Shortages of ammunition, artillery, vehicles and aircraft have seriously limited the extent and success of Iran's offensives into Iraq in the last two years. Chinese equipment and weapons will considerably reduce the Iranian shortages and improve Tehran's prospects of winning the war. [Redacted]

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**Iraq's capability to fight the war does not depend on Chinese supplies. It already has a 10-to-1 advantage in armored vehicles and at least a 3-to-1 advantage in artillery over Iran.**

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