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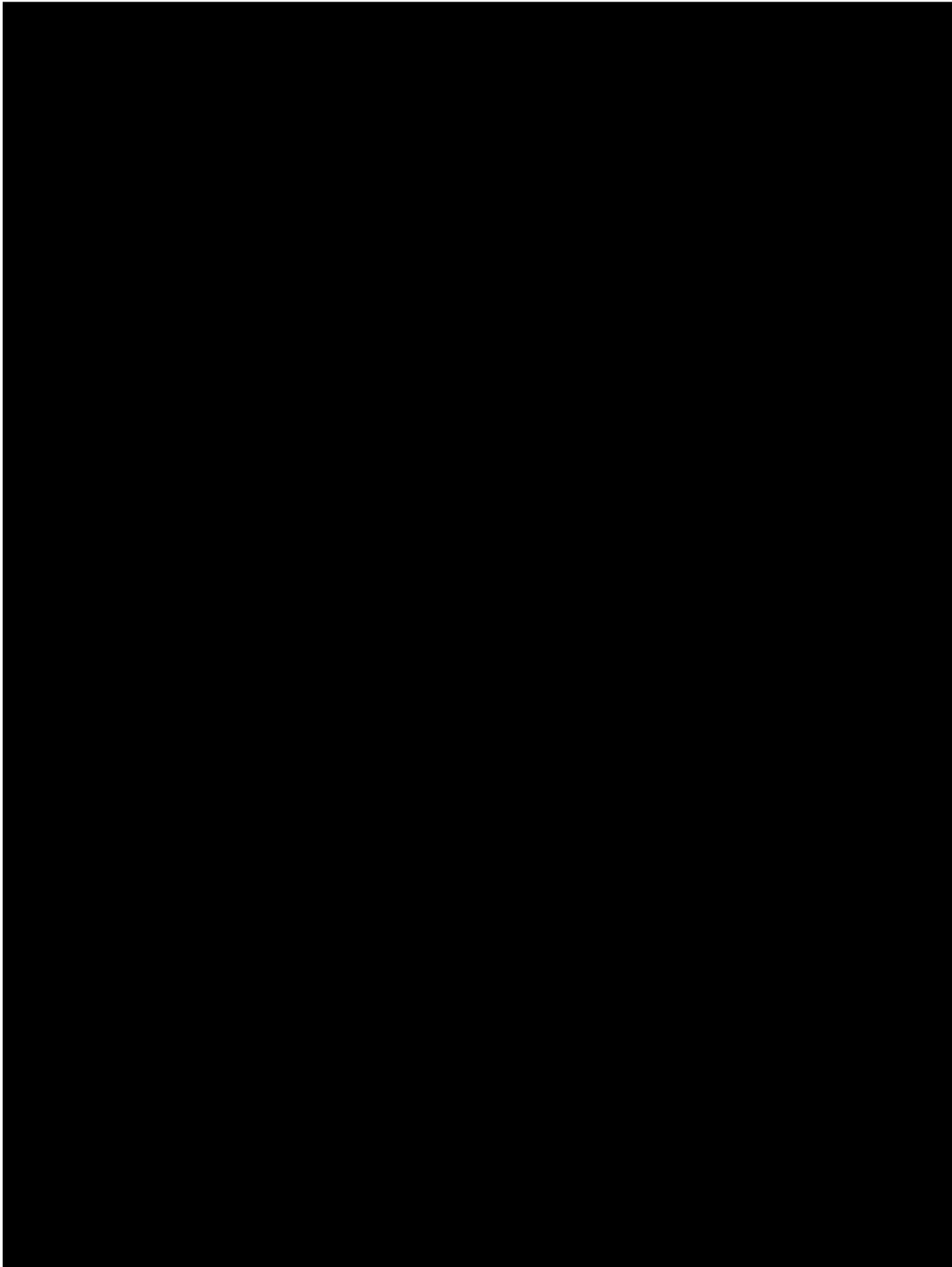
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7. CHINA: VIEWING WAR'S AFTERMATH WITH ANXIETY

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7. CHINA: VIEWING WAR'S AFTERMATH WITH ANXIETY [REDACTED]

IRAQ'S DECISIVE DEFEAT LEAVES CHINA'S LEADERS ANXIOUS OVER WASHINGTON'S UNRIVALED GLOBAL STATUS AND WORRIED THEY MAY BE THE 'NEXT TARGET' OF US PRESSURE. BECAUSE THE CHINESE MILITARY HAS RELIED FOR YEARS ON ENTRENCHED GROUND FORCES TO COUNTER SUPERIOR TECHNOLOGY, THE COALITION'S OVERWHELMING VICTORY ALSO THREATENS BEIJING'S MILITARY PRIORITIES. CHINA RECOGNIZES, HOWEVER, THAT IT HAS LIMITED OPTIONS AND NEEDS SMOOTH RELATIONS WITH THE US. [REDACTED]

COMMENTS OF CHINESE FOREIGN POLICY ADVISERS TO US OFFICIALS SUGGEST BEIJING IS GRUDGINGLY DROPPING ITS BIPOLAR WORLD VIEW AND RECOGNIZING THE US AS THE SINGLE, UNCHALLENGED SUPERPOWER THAT HAS RECORDED STRATEGIC VICTORIES IN BOTH EASTERN EUROPE AND THE MIDDLE EAST. CHINESE LEADERS VIEW THE FUTURE AS FRAUGHT WITH UNCERTAINTY--FOR EXAMPLE, FOREIGN MINISTER QIAN QICHEN LAST WEEK STRESSED THAT THE WORLD IS IN A 'TURBULENT PERIOD OF TRANSITION'--AND ARE ANXIOUS OVER CHINA'S STRATEGIC VULNERABILITY. THEY REPORTEDLY RECOGNIZE THEIR MANEUVERING ROOM HAS NARROWED AND WORRY THAT WASHINGTON'S UNRIVALED STATUS OFFERS THE US NEW OPPORTUNITIES TO PRESS BEIJING ON HUMAN RIGHTS, ARMS PROLIFERATION, AND OTHER ISSUES. [REDACTED]

THE ROUT OF IRAQI FORCES HAS PARTICULARLY HEIGHTENED HARDLINERS' SUSPICIONS. AN ARTICLE CIRCULATING AMONG SENIOR LEADERS REPORTEDLY CHARGES THAT THE US WILL NEXT USE ITS ENERGIES TO 'TAME' CHINA; A CHINESE SCHOLAR HAS TOLD [REDACTED] THE ARTICLE WILL SOON APPEAR IN THE AUTHORITATIVE PEOPLE'S DAILY. HONG KONG PRESS REPORTS SAY AN INTERNAL MEMORANDUM STRESSES SOLVING CHINA'S ECONOMIC PROBLEMS AS THE ONLY WAY TO DEFEAT HOSTILE WESTERN FORCES AND AVOID THE FATE OF EASTERN EUROPE. [REDACTED]

DESPITE THEIR QUALMS, MOST CHINESE LEADERS PROBABLY BELIEVE GOOD BILATERAL RELATIONS REMAIN ESSENTIAL IF CHINA IS TO REALIZE ITS ECONOMIC MODERNIZATION GOALS AND TO PROTECT ITS REGIONAL SECURITY INTERESTS. DENG XIAOPING REPORTEDLY HOPES TO GAIN LEVERAGE WITH WASHINGTON THROUGH CHINA'S STATUS AS A PERMANENT MEMBER OF THE UN

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SECURITY COUNCIL; HE ALSO HAS STRESSED THAT BEIJING SHOULD BE ACTIVE IN INTERNATIONAL AFFAIRS BUT NOT BE SEEN AS LEADING AN ANTI-USSR MOVEMENT OR SEEKING TO SPEAK FOR THE THIRD WORLD, US DIPLOMATS REPORT. CHINESE LEADERS SEE US MILITARY DEPLOYMENTS IN EAST ASIA AS RESTRAINING THE USSR, JAPAN, AND OTHERS SUCH AS NORTH KOREA WHO MIGHT DISRUPT REGIONAL STABILITY. [REDACTED]

CHINA: IMPLICATIONS FOR MILITARY MODERNIZATION AND ARMS SALES

OFFICIALS AT THE CHINESE MILITARY'S MAIN THINK TANK REPORTEDLY HAVE TOLD A US ACADEMIC THAT BEIJING WAS 'AGAPE' AT THE SUCCESS OF THE MODERN WEAPONS IN THE PERSIAN GULF AND THAT CHINA WOULD NEED A MAJOR MILITARY MODERNIZATION EFFORT TO BE TAKEN SERIOUSLY IN THE WORLD ARENA. THEY ALSO SPOKE WISTFULLY OF A RENEWED RELATIONSHIP WITH THE US AS A SHORTCUT TO ACQUIRE MODERN WEAPONS. INTERNALLY, THE MILITARY IS LIKELY TO INTENSIFY ITS LONGSTANDING ARGUMENT FOR INCREASED FUNDING FOR R&D AND PROCUREMENT OF A RANGE OF ADVANCED MILITARY TECHNOLOGIES, INCLUDING THOSE USED FOR FIGHTER, GROUND ATTACK AND STEALTH AIRCRAFT; PRECISION-GUIDED MUNITIONS; AND NIGHT VISION EQUIPMENT. [REDACTED]

UNDER PRESSURE FOR REVENUE, CHINESE ARMS MERCHANTS PROBABLY WILL PRESS HARD TO MARKET LOW-TECHNOLOGY WEAPONRY TO IRAQ. SINCE 1981, IRAQ HAS BEEN CHINA'S LARGEST CUSTOMER, BUYING SOME \$5.9 BILLION WORTH OF EQUIPMENT; BAGHDAD STILL OWES CHINA AS MUCH AS \$1.5-3 BILLION. CHINESE ARMS DEALERS PROBABLY ARE EAGER TO REESTABLISH TIES TO BAGHDAD AND MAY ENVISION A HARD CURRENCY WINDFALL IN HELPING IRAQ REBUILD ITS MILITARY. [REDACTED]



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