



Directorate of
Intelligence

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China: Can Large Arms Sales Be Sustained?



An Intelligence Assessment

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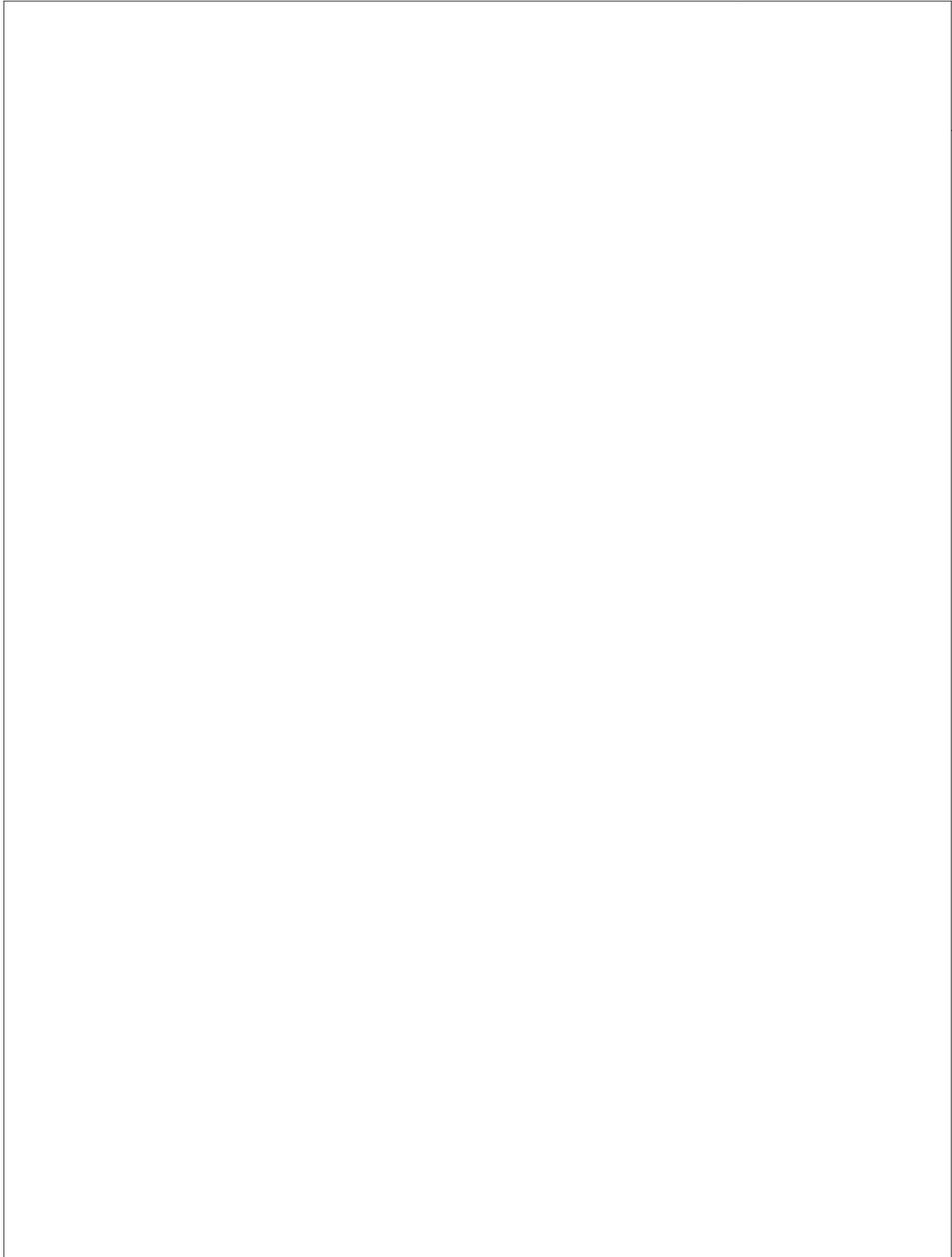


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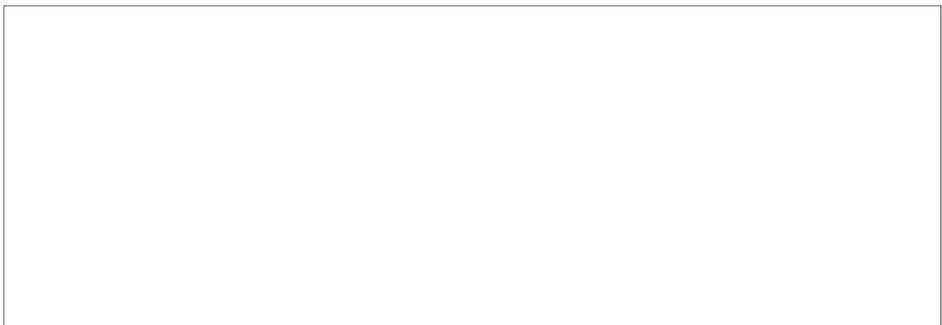


Key Judgments

*Information available
as of 31 March 1987
was used in this report.*



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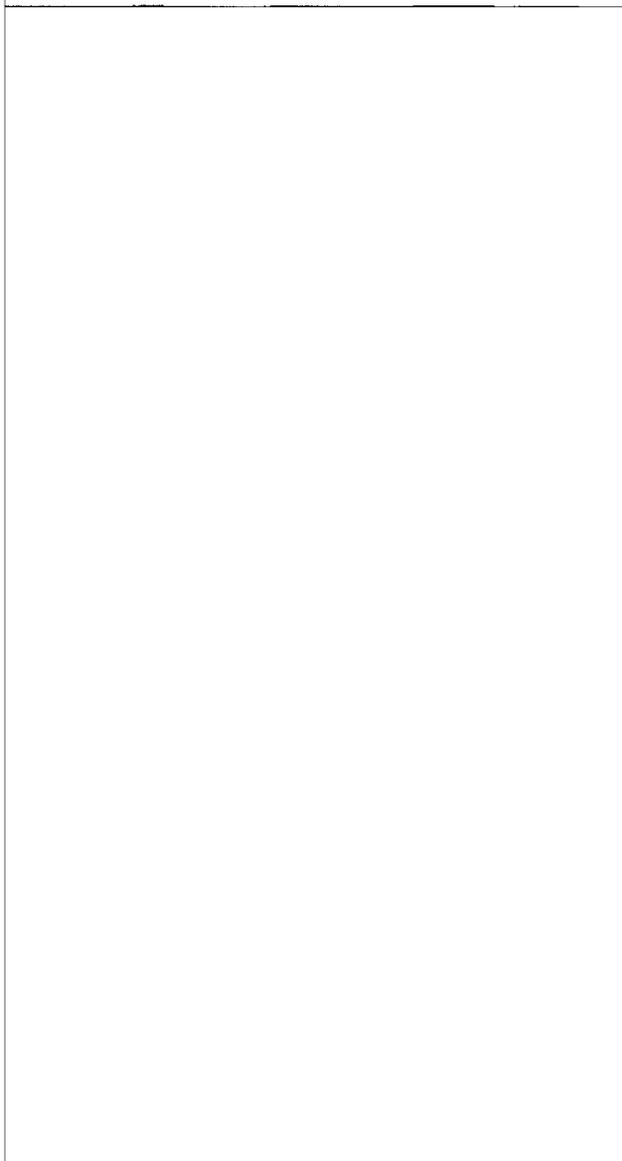
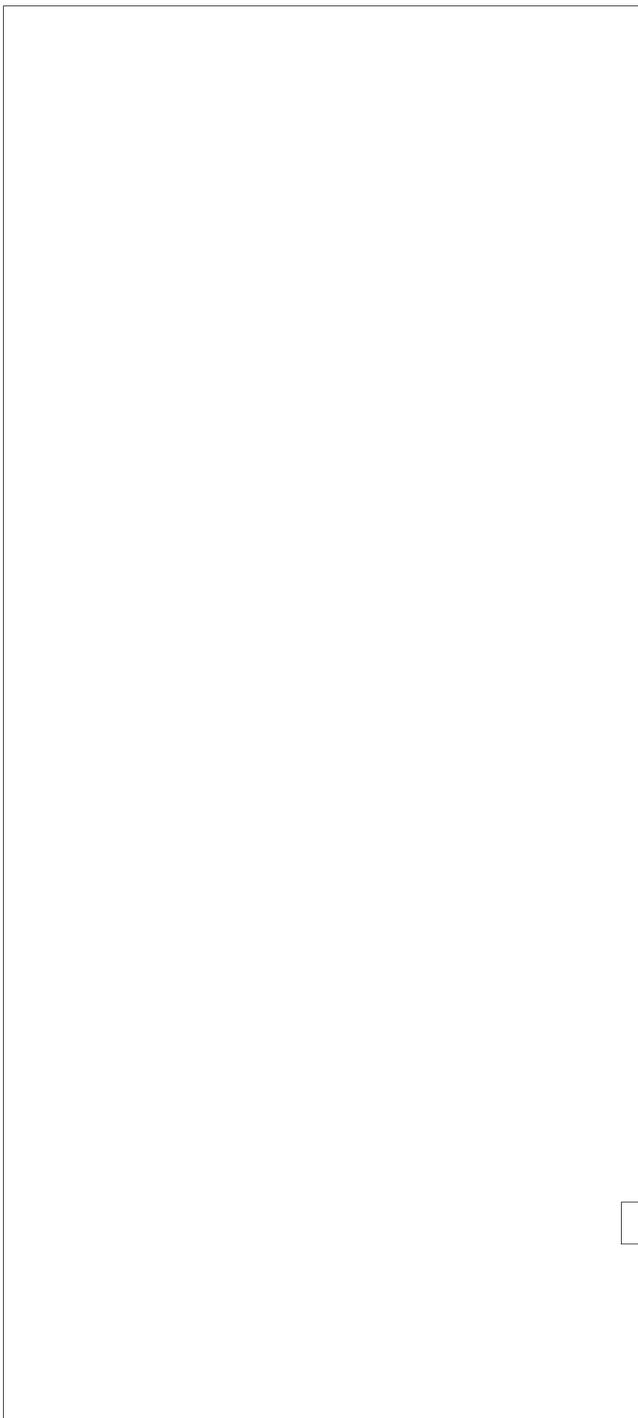


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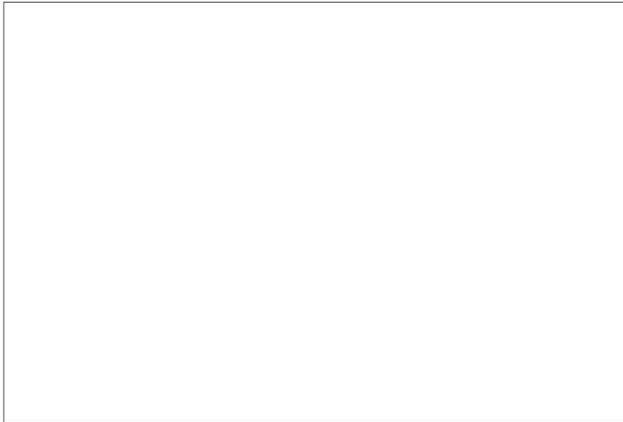
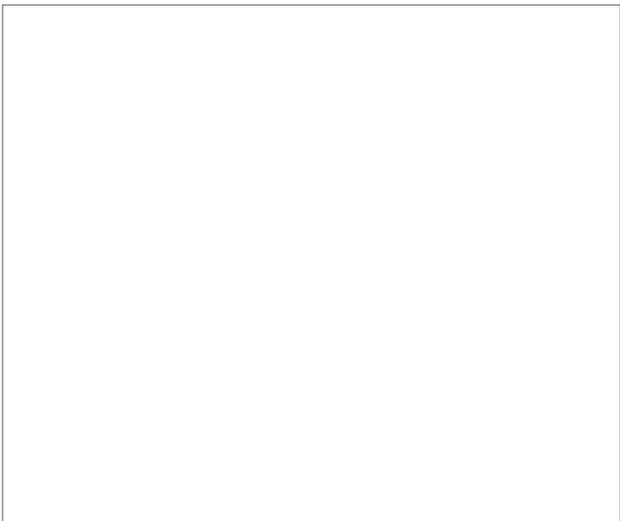
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During the 1983-85 period, Iran gradually replaced Iraq as Beijing's primary customer.



During the last two years, China was able to make more sales to Iraq and Iran as Baghdad resumed purchases of Chinese equipment and materiel, and Tehran added to its purchases by buying major



Figure 3. HQ-2 (SA-2) surface-to-air missile of the type sold to Iran in 1985. [redacted]

Chinese equipment for the first time. We estimate Iraq signed contracts worth more than [redacted] in 1986. China's large sales to Iran apparently resulted from Beijing's decision [redacted] to deal with Iran directly. These orders from Iraq and Iran came as new Chinese contracts with other customers dwindled to almost insignificant levels. [redacted]

(figure 3). The limited quantities of HQ-2s delivered to Iran will not seriously impede Iraqi air attacks on vital oil terminals and refineries, in our judgment, [redacted]

Chinese weapons and ammunition helped Iran and Iraq continue the war, and recent deliveries have enhanced Iranian capabilities. [redacted]

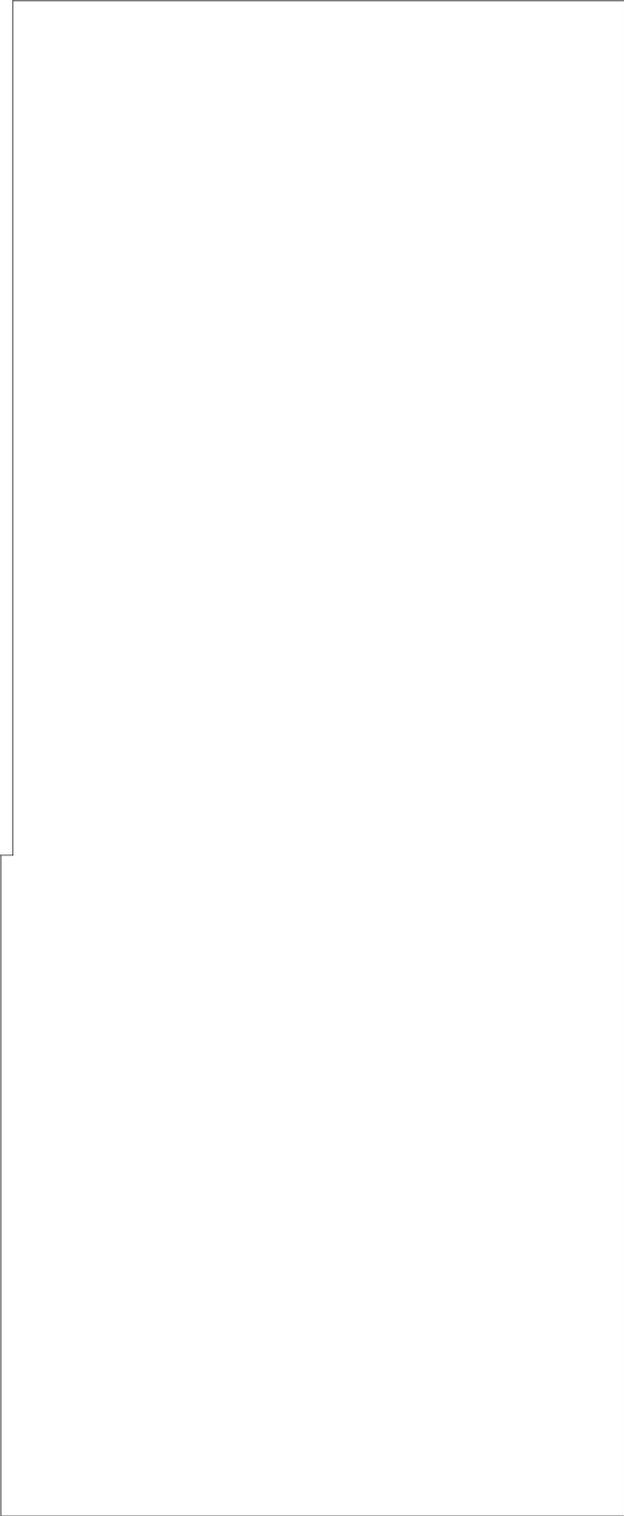
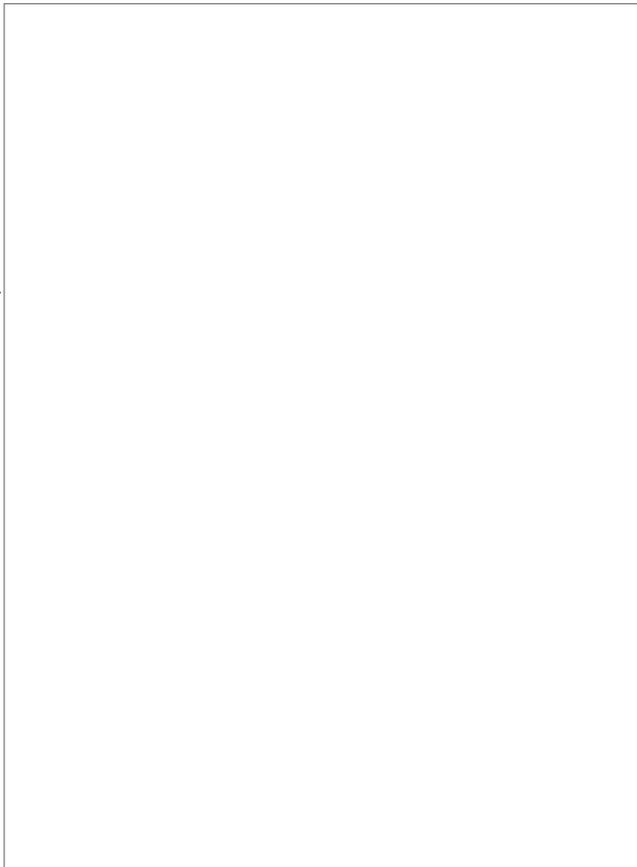
Limitations Through the Early 1990s

[redacted]

Since late 1985 we have confirmed at least [redacted] in sales to Iran: a [redacted] deal in 1985 for HQ-2 surface-to-air missiles, antiship missiles, field artillery, and ammunition; and up to [redacted] in sales in 1986 for various weapons systems and ammunition

[redacted]

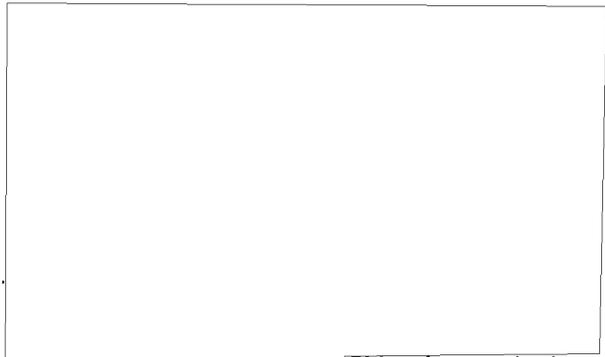
China's large sales volume so far in the 1980s has resulted primarily from Iraq's, and more recently Iran's, need for inexpensive, easy-to-use weapons. Without large Iranian and Iraqi purchases, we believe Chinese arms sales will be significantly reduced until at least 1990 by a limited customer base, inferior technology, and marketing weaknesses. [redacted]



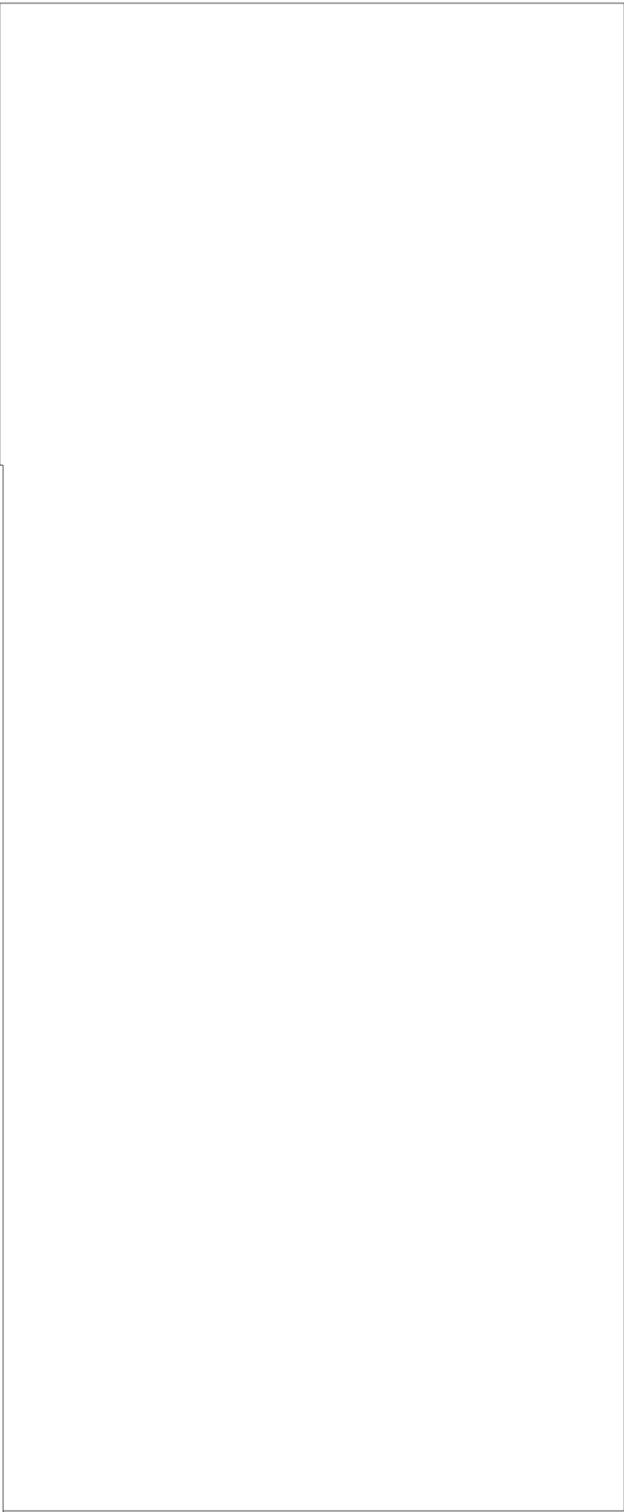
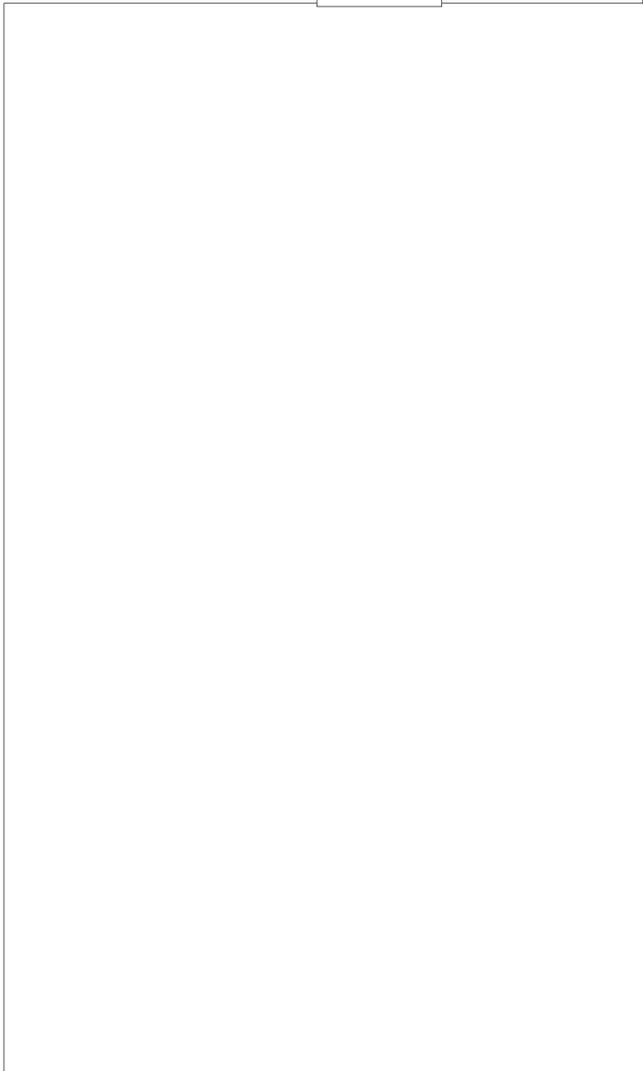
Iran is more likely to continue its large purchases from China, [redacted] Beijing is trying to arrange more sales—possibly including tanks, fighter aircraft, and air-to-air missiles. We believe Iran's purchases are not likely to equal the scale of Iraq's past purchases, however, either during or after the war:

- Tehran's war strategy is based on infantry-artillery offensives that do not require large quantities of equipment other than artillery, munitions, and small arms.
- After the war, we believe that the Iranian military will seek higher technology non-Communist equipment and that a number of suppliers will be available. [redacted]

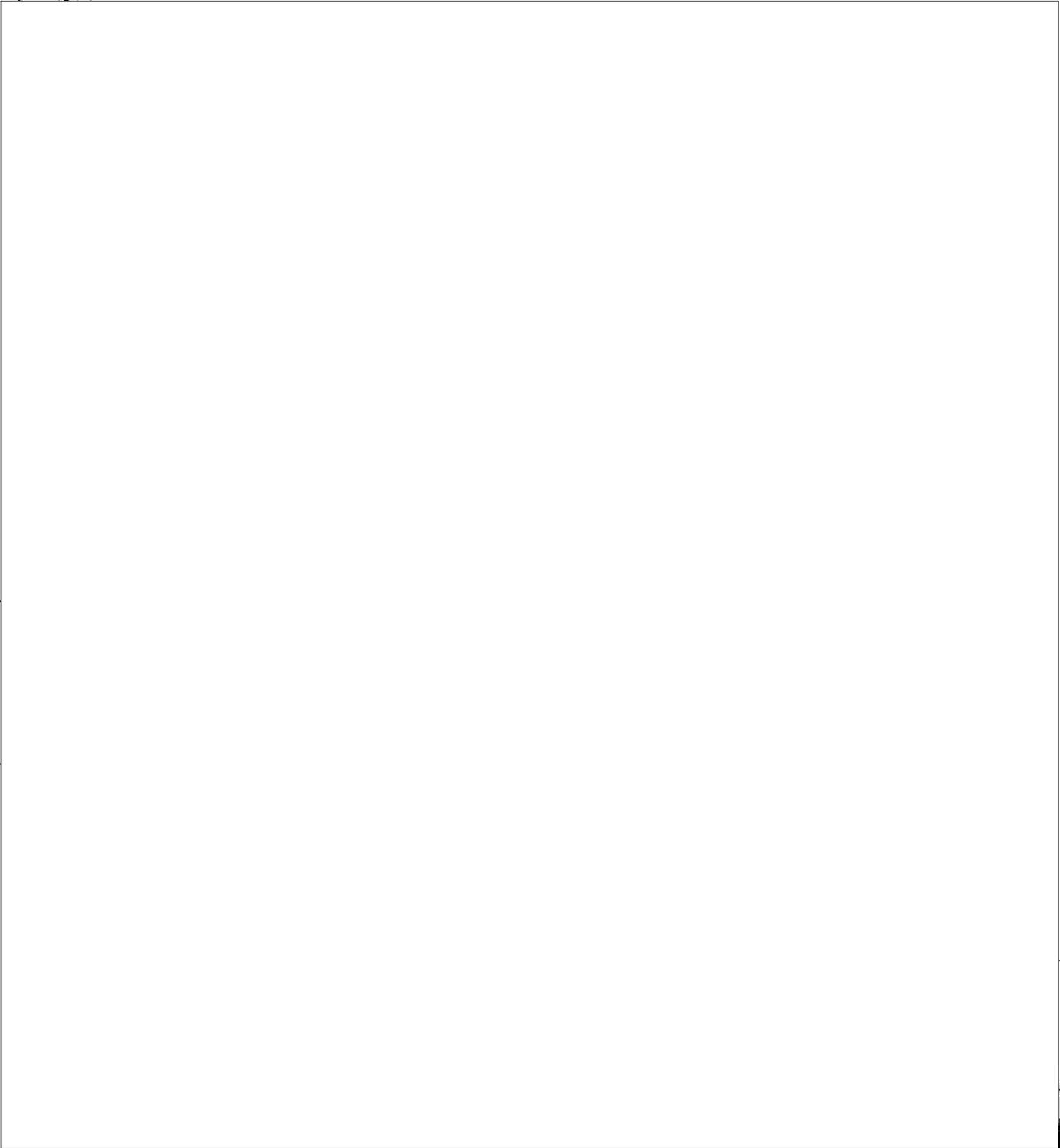




China does not hesitate to offer training on its more sophisticated systems, however; more than 100 Iranians trained in China on antiship missiles in 1985. 



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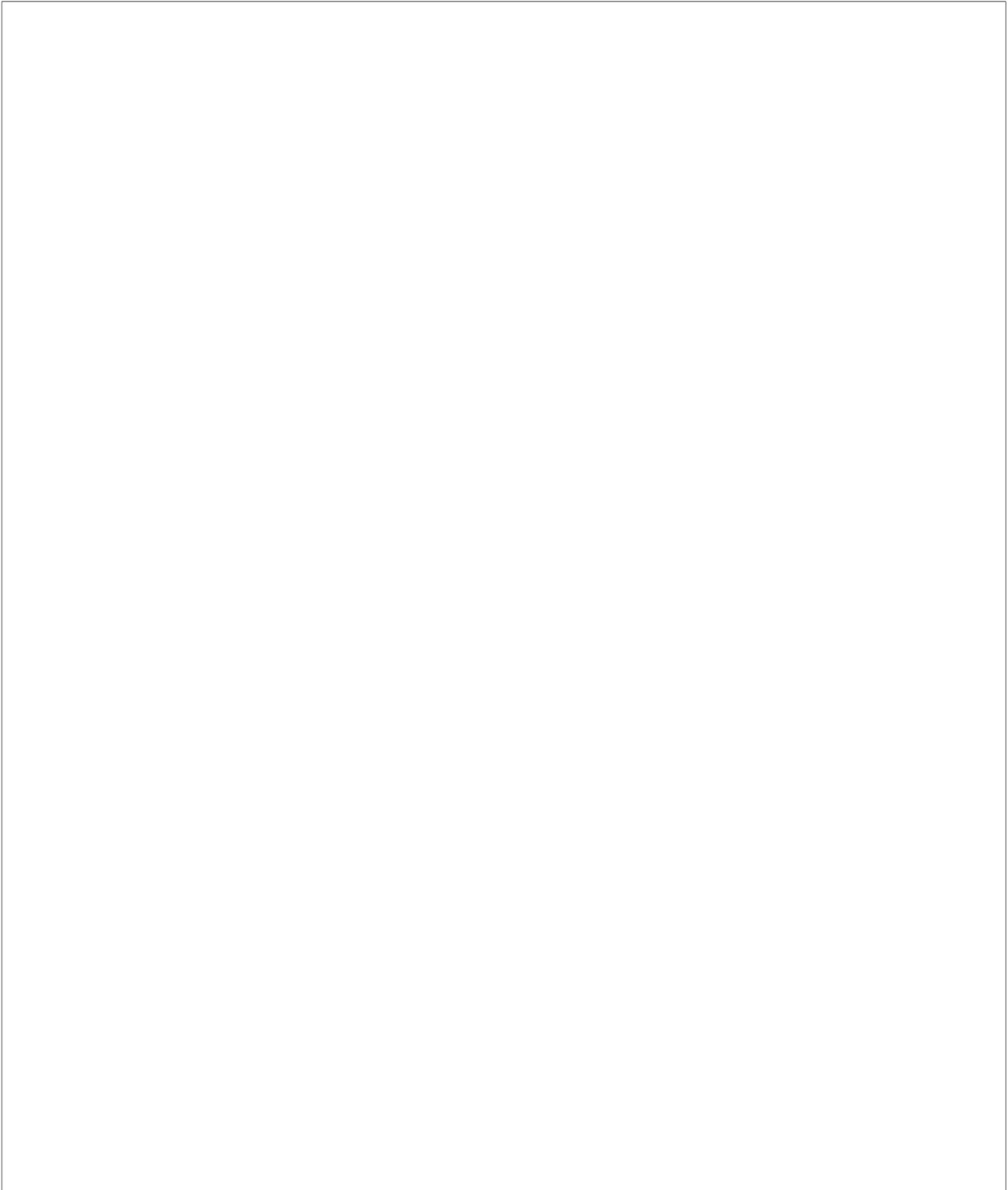
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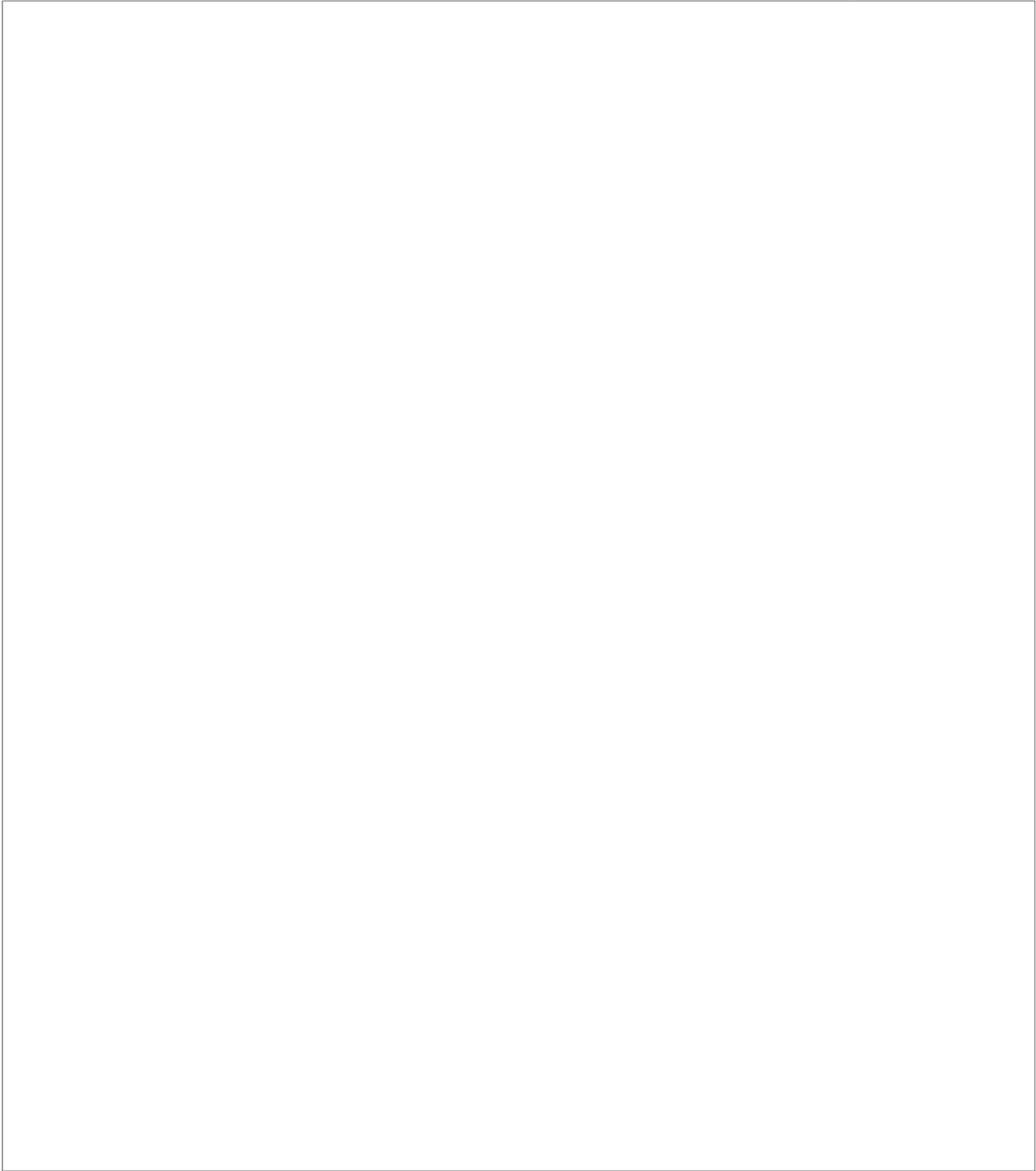
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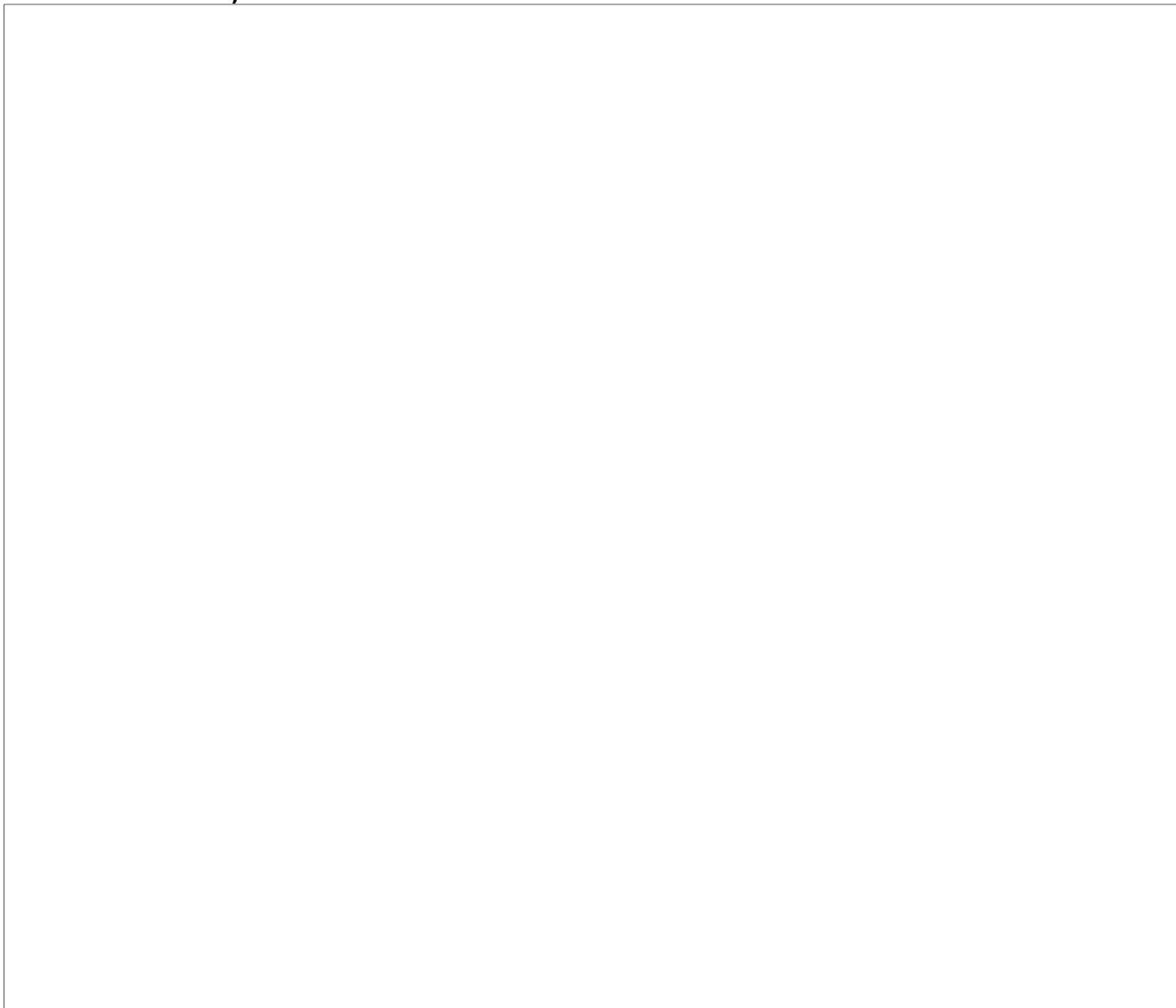
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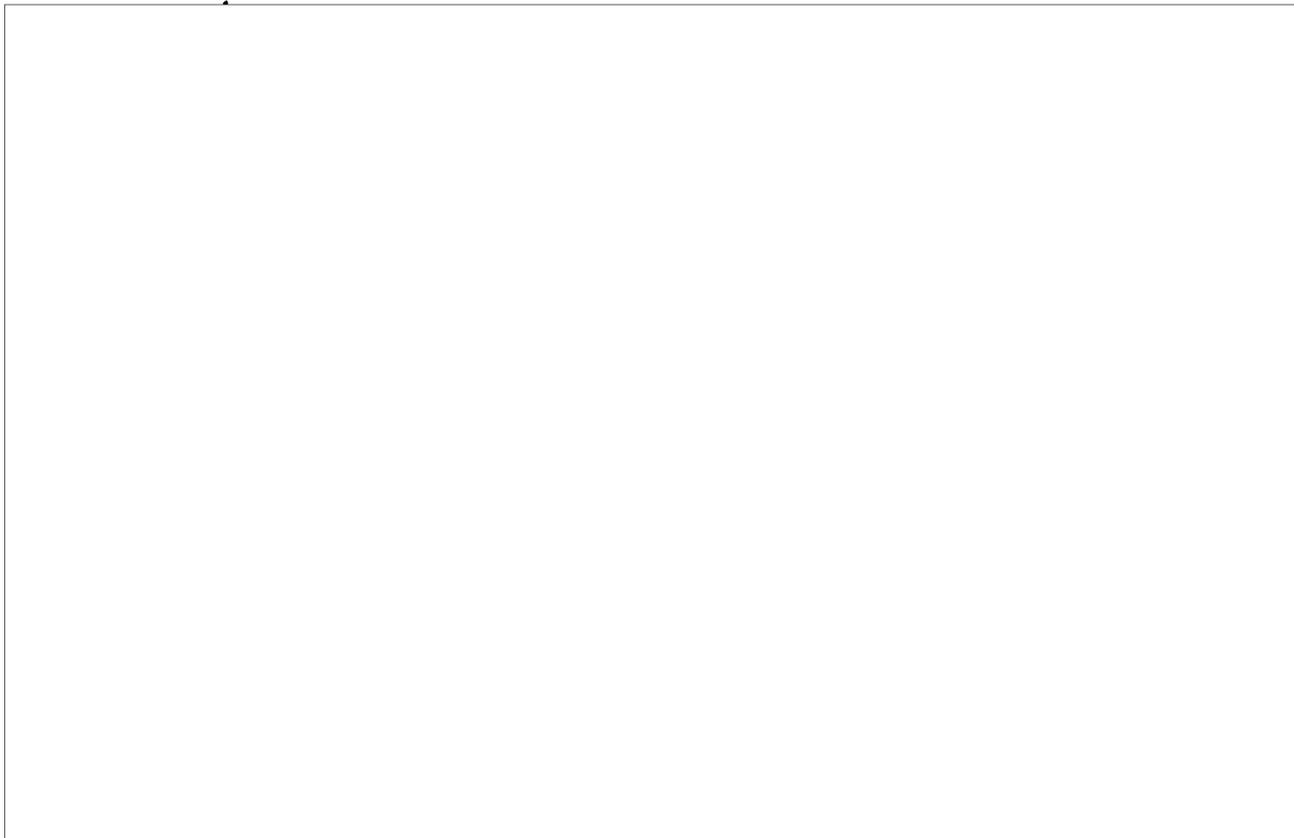
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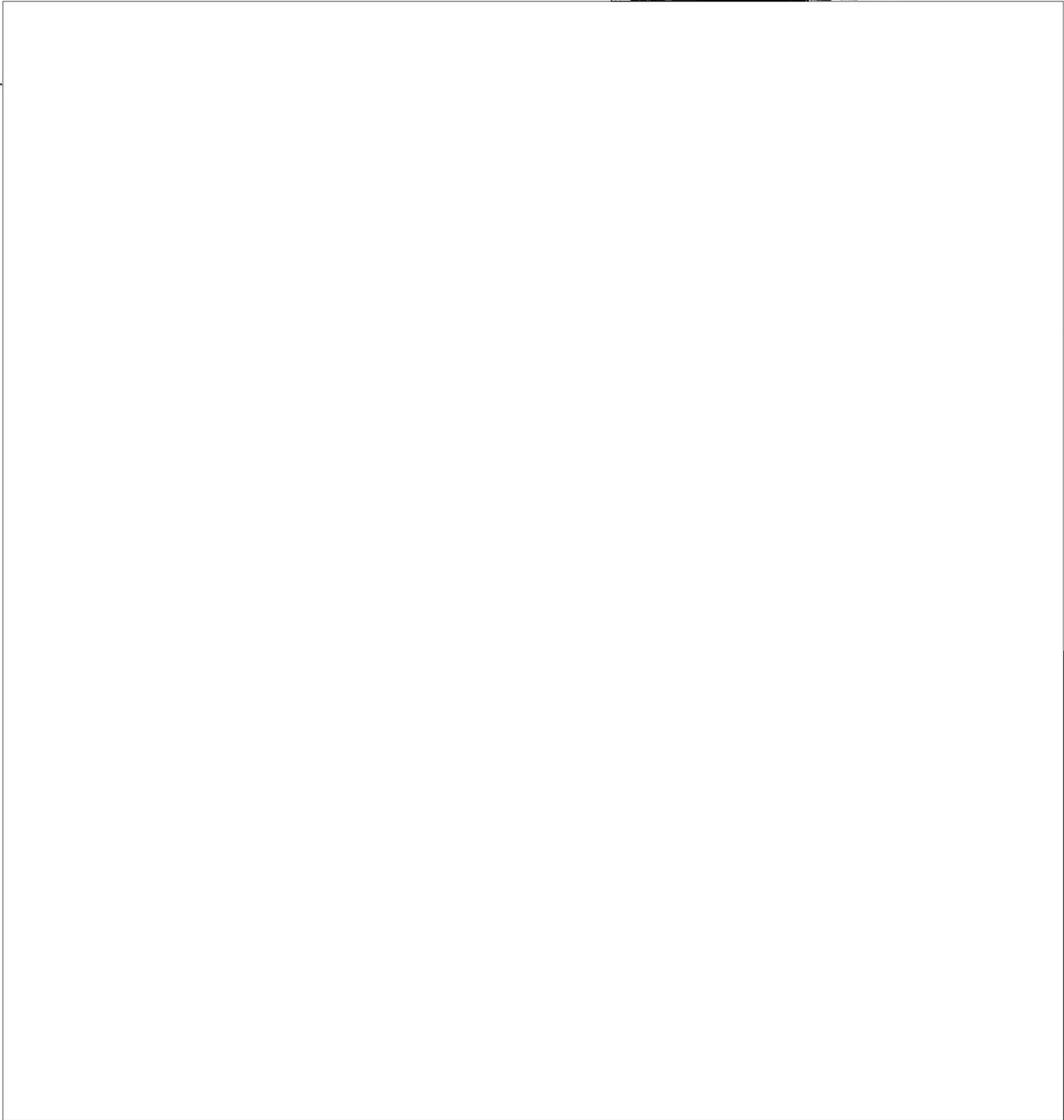
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