

Central Intelligence Agency



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### **China's Space Program: Commercial Ambitions**

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**China's recent signing of its first contract to launch a US communications satellite is a milestone in an ambitious space launch program which, if successful, may generate foreign currency earnings of \$100 million in 1988 and \$500 million per year by the mid-1990s:**

- Beijing last month signed a \$27.5 million contract with the US Terasat corporation to launch a Western Union communications satellite in February 1988. Terasat reportedly also secured options to launch two additional satellites probably at the same price each.
- The Chinese initialed a \$4 million contract in January to place a small Swedish satellite into low Earth orbit as part of a dual payload with a Chinese satellite in October 1988 and is negotiating launch agreements with Canada, Great Britain, Brazil, Iran, Pakistan, and some African countries.
- [redacted] Beijing plans in the near future to offer complete communications systems to Third World countries--including the satellite, space launch vehicle, and launch services.

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**The agreement to launch a US satellite undoubtedly will give China's marketing program a boost because US firms will require that the Chinese launchsite meet US standards. The Chinese will gain little new technology, however, by launching a Western commercial satellite of standard design and cannot exploit the satellite itself, unless it is out of US control for an extended period:**

- The mechanical and electrical connections between the satellite and launch vehicle do not involve sensitive technology.
- US checkout equipment taken to the launchsite will be under US control and will be removed after launch.
- The Chinese have assured foreign customers that they will have access to a dedicated clean room and checkout and handling building that will allow them to maintain security. [redacted] the Chinese are building a separate checkout and handling facility at the Xichang launch site.

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**China has an impressive launch capability, which we estimate could provide foreign customers 10 to 20 launches per year by the 1990s from three separate facilities:**

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Figure 3  
Chinese Satellite Launch



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- Up to six geostationary satellites can be launched per year from Xichang and from six to 12 satellites per year from two pads at Jiuquan.
- In addition, the Chinese might use facilities at Wuzhai for one or two polar launches per year.
- Beijing has three proven space launch vehicles--the CZ-1, CZ-2, and CZ-3--all developed from Chinese ballistic missiles.

**We expect the Chinese to sign up more foreign customers in the next year, and, if Beijing successfully meets its first few launch schedules, there should be no lack of additional customers:**

- Chinese prices are highly competitive--at least 15 percent below those for comparable services from the European Space Agency or the National Aeronautics and Space Administration.

**We believe that hard currency earnings from Beijing's space marketing campaign will help underwrite improvements in China's ballistic missiles, a factor which may help explain Defense Minister Zhang Aiping's keen interest in the sale of launch services during Secretary Weinberger's visit to China last year:**

- The ministries and industries that oversee China's space launch program are also directly responsible for the development of ballistic missiles.
- Beijing has reportedly promised its defense industries that each would be allowed to reinvest profits from foreign sales to develop modern weapons.
- In addition, the Great Wall Industrial Corporation--the chief agent for sales of launch services--is China's major purchaser of missile-related technology.

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