

CHINA

P S TO PRIME MINISTER

GR 100

CONFIDENTIAL

CONFIDENTIAL

DESKBY 010900Z

FM WASHINGTON 301815Z JAN 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 296 OF 30 JANUARY

INFO IMMEDIATE MODUK (FOR DS 13)

INFO SAVING PEKING

*p.a.
von 3/2*

MY TWO IMMEDIATELY PRECEEDING TELEGRAMS: DEFENCE SALES TO CHINA

1. SUGGESTED ACKNOWLEDGEMENT TO BUCKLEY:

BEGINS:

THANK YOU FOR YOUR LETTER OF 27 JANUARY ABOUT THE UNITED KINGDOM'S PROPOSED DEFENCE SALES TO THE PEOPLE'S REPUBLIC OF CHINA. I QUITE UNDERSTAND WHAT YOU SAY.

ENDS

ADVANCES TO MCLEAN (TRED), FED AND SANDARS (DS13, MOD).

FCO PASS SAVING PEKING

ADVANCED AS REQUESTED

HENDERSON

LIMITED
DEFENCE)

ACDD

FED

TRED

PS/MR HURD

PS/PUS

MR WRIGHT

MR DONAH

MR SILKMORE

MR GOODISON

ADDITIONAL DISTN:
DEFENCE SALES TO CHINA
SXWP

[PASSED AS REQUESTED]

CONFIDENTIAL

GR 350

CONFIDENTIAL

CONFIDENTIAL

DESKBY 010900Z

FM WASHINGTON 301810Z JAN 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 295 OF 30 JANUARY

INFO IMMEDIATE MODUK (FOR DS 13)

INFO SAVING TO PEKING

MIPT: DEFENCE SALES TO CHINA

1. TEXT OF BUCKLEY'S LETTER IS AS FOLLOWS:

BEGINS

AS YOU SUGGESTED IN YOUR PREVIOUS LETTER, BOTH THE UNITED STATES AND THE UNITED KINGDOM WISH TO ENCOURAGE CHINESE POLICIES TO EVOLVE IN A MANNER FAVOURABLE TO THE WEST. WE AGREE THAT IT IS IN OUR MUTUAL INTEREST TO SELL MILITARY EQUIPMENT TO INCREASE CHINA'S DEFENSIVE MILITARY CAPABILITIES, PROVIDING THE SALES ARE PLACED IN THE PROPER STRATEGIC CONTEXT. AS YOU POINT OUT, THE CENTRAL QUESTION IS WHERE TO DRAW THE LINE.

WE HAVE REVIEWED THE TECHNICAL DATA ON THE LUDA DESTROYER RETROFIT, AND I AM HAPPY TO REPORT THAT WE HAVE APPROVED THIS TRANSFER WITH NO MODIFICATIONS. THE FORMAL NOTIFICATION WILL BE RETURNED TO COCOM FOR ACTION. HOWEVER, AS I UNDERSTAND THE TECHNICAL DELIBERATIONS, THERE WAS CONCERN OVER THE SEA DART AIR DEFENSE WEAPONS SYSTEMS. CONSEQUENTLY, I DOUBT THAT WE WOULD APPROVE ANY ADDITIONAL PROGRAMS THAT WOULD EXPAND THE PRC'S SEA DART CAPABILITY IN THE FORESEEABLE FUTURE.

AS TO THE EMI CASE, I CANNOT BE SO FORTHCOMING. WE HAVE REVIEWED YOUR PROPOSAL AT VERY HIGH LEVELS AND HAVE CONCLUDED THAT WE CANNOT DROP OUR OBJECTION. I ASSURE YOU, HOWEVER, THAT WE FULLY UNDERSTAND THE FOREIGN POLICY IMPLICATIONS THAT DENYING THIS EXPORT COULD ENTAIL FOR THE BRITISH GOVERNMENT.

OUR SPECIFIC OBJECTION IS TO THE ANTI-SUBMARINE WARFARE R AND D CAPABILITY THIS EXPORT WOULD PROVIDE TO THE PRC. BASED ON OUR EXCHANGE OF DATA AND OUR NATIONAL SECURITY CONCERNS, OUR EXPERTS DETERMINED THAT THERE ARE NO TECHNICAL MODIFICATIONS TO THE PORTABLE ACOUSTIC TRACKING SYSTEM AND THE DEEP MOBILE TARGET WHICH WOULD BE MUTUALLY ACCEPTABLE TO THE UNITED STATES, THE UNITED KINGDOM AND CHINA.

CONFIDENTIAL

/ 1 AM

CONFIDENTIAL

I AM CONFIDENT THAT EARLY CONSULTATIONS IN THE FUTURE WILL ENSURE THAT THESE POTENTIALLY EMBARRASSING SITUATIONS DO NOT ARISE AGAIN.
ENDS

ADVANCES TO MCCLEAN (TRED), FED AND SANDARS (DS13, MOD).

FCO PASS SAVING PEKING

HENDERSON

ADVANCED AS REQUESTED

LIMITED
DEF
ACDD
FED
TRED
PS/MR HURD
PS/PUS
MR WRIGHT
MR DONALD
MR BILMORE
MR GOODISON

ADDITIONAL DISTN:
DEFENCE SALES TO CHINA
SXWP

[PASSED AS REQUESTED]

CONFIDENTIAL

GR 180

CONFIDENTIAL

CONFIDENTIAL

DESKBY 010900Z

FM WASHINGTON 301805Z JAN 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 294 OF 30 JANUARY

INFO IMMEDIATE MODUK (FOR DS13)

INFO SAVING PEKING

OUT TELNOS 79, 80 AND 88: DEFENCE SALES TO CHINA

1. MIFT CONTAINS THE TEXT OF BUCKLEY'S LETTER TO ME DATED 27 JANUARY CONVEYING US APPROVAL OF THE LUDA REFIT. IT ALSO, NOT SURPRISINGLY, EXPRESSES CONTINUING OBJECTION TO THE PATS AND DMT, WITH SLIGHTLY MORE DETAILED REASONING THAN WAS GIVEN US PREVIOUSLY.

2. HOLDRIDGE HAS RECENTLY CONFIRMED TO THE MINISTER UNOFFICIALLY THAT ALTHOUGH THE ADMINISTRATION COULD NOT FORMALLY DROP THEIR OBJECTION TO THE PATS AND DMT THEY WERE NEVERTHELESS PREPARED TO SEE THE SALE PROCEED - QUIETLY, WITH NO PUBLICITY. BUT HE INDICATED THAT EMI SHOULD GET ON WITH IT, WHILE THE DOOR WAS OPEN.

3. I OUGHT TO ACKNOWLEDGE BUCKLEY'S LETTER. SINCE IT IS CLEARLY IN OUR INTERESTS TO CLOSE THIS MATTER ONCE AND FOR ALL, I SUGGEST THAT A BRIEF ACKNOWLEDGEMENT IS ALL THAT IS REQUIRED. MY SECOND IFT CONTAINS A SUGGESTED TEXT.

4. ADVANCES TO MCLEAN (TRED), FED AND SANDARS (DS13, MOD).

FCO PASS SAVING PEKING

HENDERSON

LIMITED
DEFENCE

ACDD

FED

TRED

PS/MR HURD

PS/PUS

MR WRIGHT

MR DONALD

MR BILLMORE

MR HODDISON

ADDITIONAL DISTN:
DEFENCE SALES TO CHINA.
SXWP.

ADVANCED AS REQUESTED

[PASSED AS REQUESTED]

CONFIDENTIAL