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November 1964

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INTELLIGENCE BRIEF

POSSIBLE CHINESE COMMUNIST PURCHASES
OF TELECOMMUNICATIONS EQUIPMENT IN JAPAN

DIRECTORATE OF INTELLIGENCE

Office of Research and Reports

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POSSIBLE CHINESE COMMUNIST PURCHASES
OF TELECOMMUNICATIONS EQUIPMENT IN JAPAN

Recent negotiations by Communist China with Japanese firms for the purchase of high-capacity microwave radio relay systems reflect an intention to move ahead with plans to modernize its long-distance telecommunications system. The acquisition of this equipment may be only the first step in an extensive overhaul of communications in China. The role of Japan in this probable buildup is not yet known, but the sudden flurry of discussions underway with representatives of Japanese electronic firms suggests that Communist China is prepared to rely on Japan as a major supplier of civil telecommunications equipment. The technologically advanced electronics industry of Japan is capable, and probably willing, to meet the wide range of Chinese Communist requirements for equipment. COCOM restrictions, which limit the sale of high-capacity telecommunications equipment to Communist countries, may prove to be the only major deterrent to a significant increase in the volume of Chinese Communist purchases of telecommunications equipment.

1. Scope of Chinese Communist Negotiations

Since early in 1964, Communist China has increased steadily its overtures to Japanese firms for the purchase of telecommunications equipment. Current negotiations with Japanese firms have been specifically concerned with the purchase of equipment for the construction of a modern, high-capacity microwave radio relay system for mainline routes radiating from Peiping north to Harbin and South to Canton as well as an east-west arterial route connecting Shanghai with Lan-chou. Although the precise technical characteristics of the microwave system under discussion are not yet decided, it is probable that a high-capacity system of at least 60 telephone channels is being considered. (For the status of the main radio relay routes in Communist China, see the map.)

Chinese Communist interest in the purchase of telecommunications equipment in Japan has not been limited to the microwave field. Discussions to date also have explored the possible purchase of television relay facilities, automatic telephone and telegraph switching equipment, facsimile equipment, high-frequency and very-high-frequency point-to-point radio equipment, and a 1,000-kilowatt medium-wave radiobroadcasting station.

S-E-C-R-E-T

In addition to the attempts to buy telecommunications equipment in Japan, Communist China has shown a continuing interest in developing other Free World sources of supply. Starting in 1960, efforts were accelerated to make purchases of this equipment in Sweden, France, West Germany, and the UK. Although not extensive, deliveries of equipment stemming from these efforts have included microwave television relay equipment and teleprinters from West Germany and telephone exchanges from Sweden. As yet, there has been no significant imports of telecommunications equipment from France or the UK.

2. Potential Impact of Increased Purchases of Telecommunications Equipment in Japan on the Telecommunications Resources of Communist China

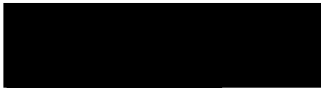
Currently the long-distance telecommunications systems of Communist China operated by civil and military authorities consist of low-capacity open-wireline and high-frequency point-to-point radio networks. The low operational effectiveness of these networks has severely limited their ability to respond to the strategic and economic needs of the country. This ineffectual performance reflects to a considerable degree the inability of the electronics industry of Communist China to produce modern long-distance telecommunications systems. Although production during the last 4 years has facilitated some minor improvements in the communications system of Communist China (such as the introduction of semiautomatic transmission modes on radio networks and the recent installation of a submarine cable connecting the mainland with Hainan Island), its over-all communications capability has not been altered appreciably.

Communist China's interest in purchasing increased amounts of telecommunications equipment in Japan indicates that Communist China is preparing to embark on a long-delayed buildup of its poorly developed long-distance telecommunications system. Intentions to construct nationwide arterial microwave radio relay routes indeed may signify only the first step in a general overhaul of communications in China. If abortive pre-1960 plans are reactivated, the program also could include the introduction of high-capacity multiconductor and coaxial cable systems and tropospheric scatter facilities over the next 7 to 10 years.

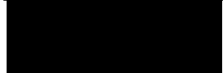
3. Prospects

Although the role of Japan in the probable buildup of telecommunications in Communist China is not yet clear, the sudden flurry of discussions underway with representatives of Japanese electronic firms concerning possible purchases of a wide range of telecommunications equipment suggests that Communist China is prepared to rely on Japan as a major supplier of communications equipment. The electronics industry of Japan, which now ranks second in the Free World in terms of total output, is ideally suited for this role. The industry not only is a technological leader in production of equipment sorely needed by Communist China but also is making vigorous efforts to enlarge its trading base with Free World and Communist countries. Any increase in Chinese Communist purchases of telecommunications equipment in Japan, however, would be contingent on an easing of COCOM restrictions, which up to now have effectively limited the overt sale of high-capacity telecommunications systems to Communist countries.

Analysts:



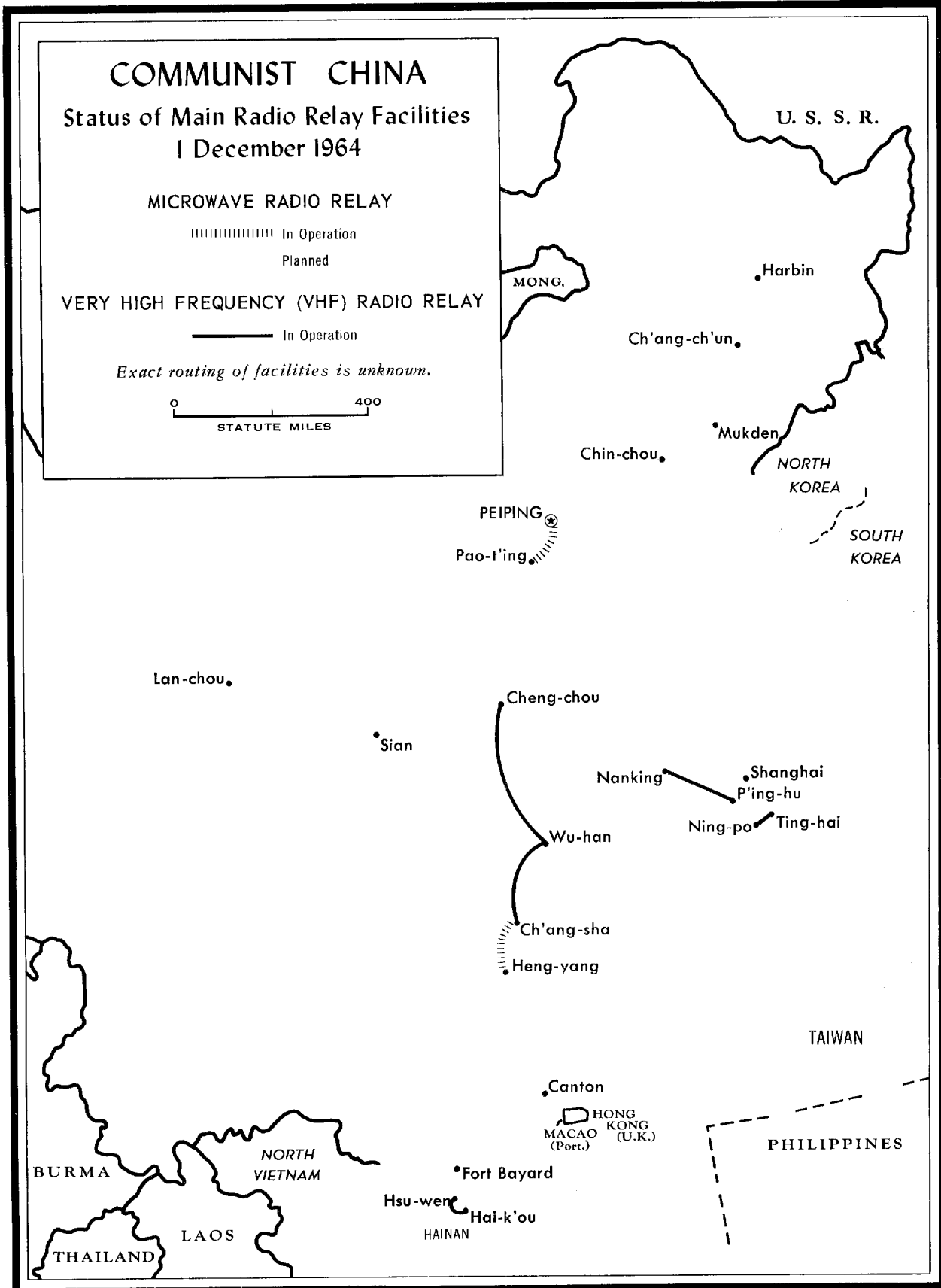
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Possible Chinese Communist Purchases of Telecommunications Equipment in Japan (SECRET/NO FOREIGN DISSEM)

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