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[Redacted]
Central Intelligence Agency
Office of the Deputy Director for Intelligence

25 NOV 1983

NOTE FOR: Director of Central Intelligence

FROM : Robert M. Gates
Deputy Director for Intelligence

The attached letter for your signature and the accompanying memorandum respond to Under Secretary Olmer's request for a CIA assessment of West European reservations about US efforts to increase exports to China of COCOM-controlled items. In general, analysts in the Directorate believe our allies are primarily concerned that the United States is unilaterally attempting to change the operating procedures and principles of COCOM. Strategic considerations probably play only a marginal role in allied misgivings over such sales.

[Handwritten signature]
Robert M. Gates

EURM 83-10269

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Central Intelligence Agency



Washington, D.C. 20505

29 11 1983

The Honorable Lionel H. Olmer
The Under Secretary for International Trade
Department of Commerce
Washington, D.C. 20510

Dear Lionel:

Thank you for your recent request for our views of West European reservations about the developing trade relationship between the United States and China. In brief, we believe strategic concerns contribute only marginally to West European apprehension over our policy and related US initiatives in COCOM. I have attached a memorandum which assesses in more detail our allies' attitudes on this subject. [redacted]

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Please let me know if we can provide you any further analysis on this topic. [redacted]

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Yours,

William J. Casey
Director of Central Intelligence

Enclosed:

COCOM Reactions to the New US Policy Toward China [redacted]

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Central Intelligence Agency



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

22 November 1983

MEMORANDUMCOCOM Reactions to the New US Policy Toward China [redacted]

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We believe West European concerns over US moves to increase exports to China of COCOM-controlled items reflect primarily their apprehension that the United States is attempting to change unilaterally the operating procedures and principles of COCOM. Commercial interests also play an important part in their complaints. Strategic considerations, in our view, add only marginally to their misgivings over increased exceptions for sales to Beijing. [redacted]

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Many COCOM members believe US proposals to establish special procedures to streamline the review process for excepted sales to China would reintroduce the issue of political differentiation into the COCOM mechanism. They maintain COCOM's review process must remain technical and uniform despite the increased number of exception requests stemming from the new US export guidelines.

- o Great Britain and West Germany welcome Washington's pledge to expedite US review of exception requests but reject any procedures that even loosely introduce special treatment for any country on the proscribed lists, including China. They believe all exception cases should be handled objectively and expeditiously, reflecting strategic, not political, criteria.

This memorandum was prepared by [redacted] European Issues Division, Office of European Analysis. It was coordinated with the Office of Scientific and Weapons Research and Office of Global Issues. Research was completed on 22 November 1983. Comments and questions are welcome and may be addressed to the Chief, European Issues Division, EURA, [redacted]

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EUR M 83-10269

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- o Belgium and Norway have expressed similar reservations and have suggested that China be dropped from the proscribed lists altogether. Brussels argues that COCOM can not handle the increased number of exception requests and suggests exports to China could be reviewed ex post facto. Norway suggests cooperation between COCOM and China is possible because of their mutual interest in maintaining technology transfer controls vis-a-vis the Soviet Union. Oslo admits the question of potential "leakage" will have to be addressed.

- o France rejects the US attempt to introduce geographic differentiation into the COCOM process and views the US moves as antithetical to Paris' attempts to reduce COCOM controls to a "hardcore" list. Moreover, France probably perceives that Washington's China policy could lead to arrangements in COCOM that would codify--formally or informally--a special status for China. Paris probably believes introducing separate criteria for Beijing would not streamline multilateral export controls, but would make them more cumbersome.

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West European resistance to the US proposals probably reflects an additional fear that the United States is trying to capture the market in high-tech sales to China. According to [redacted] US Embassy reports, most COCOM countries have long wanted to increase their own commercial sales to Beijing, including exports that incorporate some sensitive technologies and presently require COCOM approval. West European governments probably are piqued that US efforts to liberalize trade with China come only after US business contracts with Beijing have been negotiated.

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[redacted] France's senior COCOM delegate believes the US policy is opportunistic and caters to American business. He believes other COCOM delegates share his view.

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[redacted] France and other COCOM members probably are purposely footdragging on US proposals and exception requests for China in retaliation against past delaying tactics that they believe the United States has used against them. The French delegate to COCOM implied further that these delays are likely to continue in order to drive the point home to Washington that cooperation on export controls must be reciprocal.

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We believe our COCOM partners' strategic reservations over China's acquisition of Western technology are largely superficial, [redacted] Beijing's determination to acquire Western technology with military

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application. France, indeed, has expressed apprehension that Chinese foreign policy is fluid and unpredictable, but Paris' numerous exception requests for exports to China and their proposals in COCOM for a "hardcore" list cast doubt upon the salience of this concern. During President Giscard's administration, France did refuse to sell China some technologically advanced products for so-called strategic reasons, but in our view this policy reflected his administration's attempt to forge a unique relationship with Moscow. We do believe, however, that West European states genuinely are fearful that the new US commercial policy toward China could exacerbate Soviet security concerns and contribute to a further deterioration in East-West relations.

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SUBJECT: Letter to Lionel Olmer on COCOM

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