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THE JOINT CHIEFS OF STAFF
WASHINGTON, DC 20315

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JCSM-158-83
6 May 1983

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Technology Transfer to China (U)

1. ~~137~~ At the Export Administration Review Board meeting on 2 May 1983, the Department of Defense was requested to define what constitutes "major risk to national security" in the special mission areas--nuclear weapons and their delivery systems, electronic warfare, antisubmarine warfare, and intelligence gathering--as applied to technology transfer to China (see Annex A).
2. (U) The Joint Chiefs of Staff recommend that the memorandum in Annex B, which contains the requested definition, be forwarded to the Secretary of Commerce.

For the Joint Chiefs of Staff:

George B. Crist

GEORGE B. CRIST
Major General, USMC
Vice Director, Joint Staff

Attachments

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ANNEX A

RISKS TO US NATIONAL SECURITY ASSOCIATED WITH
TRANSFERRING TECHNOLOGY TO CHINA (U)

1. ~~1.1~~ Evaluation of the national security implications of advanced technology exports to China must incorporate several pertinent factors. These can be put in the form of five assessments:

a. (S) China's principal enemy will very likely remain the Soviet Union. Therefore, the country most threatened by Chinese diversion of US high technology to military purpose will be the Soviet Union.

b. (S) Although unlikely, the possibility of Chinese conflict with US allies and friends and the United States itself cannot be excluded. This possibility is what makes technology transfer to China a difficult subject. Basically, the future character of China's government and of its foreign orientation is uncertain. Its politics have swung drastically several times in the past three decades and might again. Such countries as South Korea, Taiwan, the ASEAN countries, and even Japan could conceivably be the targets of Chinese attack and the United States, too, could get drawn into conflict. However, this prospect now seems remote.

c. ~~1.3~~ Advanced technology provided to any Chinese institution must be assumed to be available to others, especially weapon-related ones. Therefore, institutional limitations on access within China should not be taken seriously.

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Annex A

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- d. (17) Overall Chinese capacity to use advanced technology is modest and will remain so for many years except in high-priority areas where they might choose to concentrate their efforts. The Chinese industrial base is very backward, and progress in its modernization will remain slow. Moreover, the PRC is not investing heavily in building up its military capacity. However, in selected military areas such as nuclear weapons and strategic rockets, China has concentrated resources and made significant progress. This pattern is unlikely to change much in the next decade except in selected priority areas they may choose. 1
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- e. (18) China is one of the least likely countries to pass US technology on to the Soviet Union. Keeping advanced US technology applicable to weapons out of Soviet hands is a primary US aim, but China should be much less of a concern in this regard than other countries such as Japan, Austria, etc. Any Sino-Soviet rapprochement in the foreseeable future is likely to be very limited and, even if it is more far reaching, the Chinese are likely to avoid becoming a conduit for militarily relevant US technology going to the Soviet Union. However, the possibility exists that China could transfer the acquired technology to other countries, e.g., Pakistan or North Korea. 12
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- 2. (19) The United States currently enjoys a sizable technological lead that enables numerically inferior US and most allied forces to maintain a margin of military superiority. As China's indigenous military production capabilities improve, however, the US lead may suffer. Conceivably, there is a rate of improvement that would permit China to 24
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close the gap and deploy advanced weapon systems that seriously degrade the US technological advantage. That rate of improvement could be attained only if China were able to acquire certain types of technologies.

3. (S) US export control policy attempts to balance the conflicting objectives of supporting China's national development insofar as it maintains China as a counterweight to Soviet power in Asia, while minimizing risks to national security in the special mission areas. The Department of Defense determines the threshold of major risk to national security by evaluating the many complex variables and their "direct and demonstrable" impact on the special mission areas.

4. (S) Major national security risk in technology transfer is the threshold where single and combined technologies would permit enhancement of PRC military capabilities to a degree that would (a) degrade the technological advantages US and allied forces require to maintain a margin of military superiority or (b) threaten vital US national security interests.

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ANNEX B

DRAFT

MEMORANDUM FOR THE SECRETARY OF COMMERCE

Subject: Technology Transfer to China (U)

1. ~~(U)~~ At the Export Administration Review Board Meeting on 2 May 1983, you requested the Department of Defense to define what constitutes "major risk to national security" in the special mission areas--nuclear weapons and their delivery systems, electronic warfare, antisubmarine warfare, and intelligence gathering--as applied to technology transfer to China.

2. (S) The Department of Defense believes that technology transfers which constitute major risks to national security are those that singly or in combination permit enhancement of Chinese military capabilities to an unacceptable level in the special mission areas. This level is where the technological advantages that US and allied forces require to maintain a sufficient margin of military superiority become degraded.

3. (S) In determining which technology transfers to China could pose a major national security risk, the Department of Defense follows a systematic process to evaluate the commodity or technology proposed for export. This process includes an intelligence assessment of China's current and projected capabilities in the technology area in question and a technical and operational review of the commodity or technology to evaluate its applicability to the special mission areas. Based on this review, a determination is made as to whether or not the item could permit enhancement of Chinese military capabilities to an unacceptable level. When the Department of Defense recommends that an export be

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Annex B

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denied because it poses an unacceptable risk in one or more of the special mission areas, the relevant factors involving Chinese capabilities, the level and type of technology being proposed for export, the impact on China's technology base, and US national security interests have all been considered, and it is the military judgment that the technology must not be transferred.

4. (S) The technical criteria for arriving at the DOD decision on a given technology transfer will not be the same for all cases because performance thresholds of military concern vary widely among the technologies affecting the special mission areas. The definition of "major national security risk" cannot, therefore, be applied outside the context of a comprehensive military assessment on a case-by-case basis.

5. (S) The Department of Defense has consistently provided rationale for its decisions in the transfer of technology to China and will continue to do so in the future.

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