

Originally Processed With FOIA(s):
2009-0275-S

FOIA Number:
2009-0275-S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: China Chronological Files
Subseries: Post-Tiananmen Files

OA/ID Number: 91133
Folder ID Number: 91133-002

Folder Title:
China: Post-Tiananmen (September 1990) [2]

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	4	5

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Cable	From White House, Re: [Letter from President Bush to Deng Xiaoping] [060756Z Sep 90] [FOIA RESTRICTIONS REDACTED] (3 pp.)	9/6/90	(b)(1)	S
01b. Draft Cable	From White House, Re: [Letter from President Bush to Deng Xiaoping] [FOIA RESTRICTIONS REDACTED] (1 pp.)	n.d.	(b)(1)	S
01c. Letter	President Bush to Deng Xiaoping (2 pp.)	8/30/90	(b)(1)	
02a. Memo	Douglas Paal to Brent Scowcroft Re: Your Meeting with Ambassador Han Xu of China, September 17, 1990, 5:00 - 6:00 p.m. EDT (1 pp.)	9/14/90	(b)(1)	C
02b. Talking Points	Re: Points To Be Made for Meeting with Ambassador Han Xu of China (2 pp.)	n.d.	(b)(1)	C
03a. Memo	Richard C. Barth to Robert M. Gates Re: Computer Cases for China (2 pp.)	9/21/90	(b)(1)	S
03b. Background Paper	Re: ACEP Background Paper (2 pp.)	n.d.	(b)(1)	
03c. Letter	Dr. Bo Denysyk to Larry Hall (2 pp.)	3/19/90	(b)(1)	
03d. Report	Re: Advisory Committee on Export Policy (2 pp.)	n.d.	(b)(1)	

Page 1 of 2

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: China Chronological Files
Subseries: Post-Tiananmen Files
WHORM Cat.:
File Location: China: Post-Tiananmen (September 1990) [2]

Pinksheet Number: cap1110
OA/ID Number: 91133-002
Date Closed: 5/1/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
03e. Letter	Dr. Bo Denysyk to Larry Hall (1 pp.)	12/13/89	(b)(1)	
03f. Letter	Dr. Bo Denysyk to Dennis E. Kloske (2 pp.)	4/19/90	(b)(1)	
03g. Background Paper	Re: ACEP Background Paper (2 pp.)	n.d.	(b)(1)	
03h. Attachment	Re: Attachment A Special Conditions and Statement of Implementation (9 pp.)	n.d.	(b)(1)	
03i. Diagram	Re: Schematic Diagram (1 pp.)	n.d.	(b)(1)	
03j. Background Paper	Re: ACEP Background Paper (2 pp.)	n.d.	(b)(1)	
03k. Report	Re: Control Data Corporation China State Meteorological Administration End Use and Security Safeguards Plan (3 pp.)	n.d.	(b)(1)	
04a. Memo	Brent Scowcroft to Brent Scowcroft Re: The Gulf Crisis and U.S. -China Relations (2 pp.)	10/5/90	(b)(1)	S
04b. Report	The Domestic Dynamic in China's Response to the Persian Gulf Crisis [FOIA restrictions redacted] (4 pp.)	9/24/90	(b)(1), (b)(3)	S
04c. Memo	Re: Douglas Paal to Brent Scowcroft Re: The Gulf Crisis and U.S.-China Relations (1 pp.)	9/25/90	(b)(1)	S

Page 2 of 2

Collection:

Record Group: Bush Presidential Records

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Pinksheet Number: cap1110

OA/ID Number: 91133-002

Date Closed: 5/1/2009

FOIA/Sys Case #: 2009-0275-S

Re-review Case #:

P-2/P-5 Review Case #:

~~SECRET~~
NSC/S PROFILE

RECORD ID: 9007079
RECEIVED: 06 SEP 90 15

COMMON FILE

TO: DENG XIAOPING

FROM: PRESIDENT

DOC DATE: 06 SEP 90
SOURCE REF:

KEYWORDS: CHINA P R

HS

4

PERSONS: ZHU QIZHEN

SUBJECT: LTR TO CHMN DENG XIAOPING FM PRES RE US CHINA RELATIONS

ACTION: PRES APPROVED CABLE DUE DATE: 10 SEP 90 STATUS: C

STAFF OFFICER: NONE LOGREF:

FILES: PA NSCP: CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO
NSC CHRON
PAAL

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By Cop NARA, Date 5/1/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSDAI

CLOSED BY: NSDAI

DOC 1 OF 1

~~SECRET~~

NATIONAL SECURITY COUNCIL

September 5, 1990

GENERAL SCOWCROFT/BOB GATES:

I would like to send
Jim Lilley the attached
message relaying a copy
of the President's message
to Deng.

✓/Doug Paal

OK to
dispatch
cable. Not
urgent,
per Doug
Paal.

Done

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Cable	From White House, Re: [Letter from President Bush to Deng Xiaoping] [060756Z Sep 90] [FOIA RESTRICTIONS REDACTED] (3 pp.)	9/6/90	(b)(1)	S

Collection:

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Office: Scowcroft, Brent, Files

Series: China Chronological Files

Subseries: Post-Tiananmen Files

WHORM Cat.:

File Location: China: Post-Tiananmen (September 1990) [2]

**Document Partially Declassified
(Copy of Document Follows)**

By MM on 1/26/2016

Date Closed:	5/1/2009	OA/ID Number:	91133-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2009-1101-MR(500.01)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	4/8/2014	MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
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- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

IMMEDIATE

~~SECRET~~

1014

WHITE HOUSE SITUATION ROOM



PAGE 01 OF 03

PRT: GATES COMM OLEARY SIGLER SCOWCROFT
SIT: FILE PAAL PRIVACY OUT SIT

PREC> IMMEDIATE <CLAS> ~~SECRET~~

<DTG> 060756Z SEP 90

FM WHITE HOUSE

TO ^{1.4(c)} BEIJING

DECLASSIFIED IN PART
PER E.O. 13526

2009-1101-MR
4/8/2014 MM

~~SECRET~~ VIA PRIVACY CHANNELS

0000

FROM: BRENT SCOWCROT

TO: EMBASSY BEIJING - PRIORITY EYES ONLY FOR AMBASSADOR LILLEY.

BEGIN TEXT:

ON AUG 31, THE FOLLOWING LETTER FROM PRESIDENT BUSH TO DENG
XIAOPING WAS PRESENTED TO AMB. ZHU.

COPY ATTACHED.

FYI -- YOU WILL RECEIVE SEPTTEL, THROUGH NODIS CHANNELS, AN ACCOUNT
OF THE CONVERSATION BETWEEN UNDER SECRETARY KIMMITT AND AMB. ZHU
AFTER THE PRESIDENT'S LETTER WAS HANDED OVER.

YOUR EXCELLENCY:

I AM WRITING TO YOU, MY OLD FRIEND, TO REEMPHASIZE THE HIGH
IMPORTANCE I ATTACH TO THE U.S.-CHINA RELATIONSHIP. OUR RELATIONS
REMAIN FUNDAMENTAL TO PEACE AND STABILITY, NOT ONLY IN ASIA, BUT IN
THE ENTIRE WORLD. THIS REMAINS AN OBJECTIVE FACT, DESPITE THE
TREMENDOUS DIFFICULTIES AND CHANGES CURRENTLY BEFORE US.

THE UNITED STATES WILL MAKE NO ATTEMPTS TO MARGINALIZE OR DOWNGRADE

~~SECRET~~

IMMEDIATE

~~SECRET~~

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 03

THIS IMPORTANT STRATEGIC RELATIONSHIP. THE RECENT U.S. POLICY ADJUSTMENT ON CAMBODIA IS NOT A DEPARTURE FROM OUR SHARED GOAL OF A COMPREHENSIVE SETTLEMENT OF THE CONFLICT THERE. RATHER, IT WAS AN ADJUSTMENT IN APPROACH NECESSARY TO OVERCOME GROWING CONGRESSIONAL OPPOSITION TO U.S. ASSISTANCE TO THE CAMBODIAN RESISTANCE. I REGRET THAT PREMATURE PRESS LEAKS OBSCURED THE IMPORTANT PROGRESS TOWARD OUR COMMON OBJECTIVE MADE IN THE PERM FIVE DISCUSSIONS IN PARIS. I AM GRATIFIED BY THE PERM FIVE AGREEMENT THIS WEEK ON AN INTERIM ADMINISTRATION FOR CAMBODIA AND HOPE THAT THE CAMBODIAN FACTIONS CAN BE INDUCED TO ACCEPT IT IN GOOD FAITH.

I WOULD ALSO LIKE TO EXPRESS MY APPRECIATION FOR THE PRINCIPLED POSITION TAKEN BY YOUR GOVERNMENT REGARDING THE IRAQI OCCUPATION OF KUWAIT. I BELIEVE A USEFUL MESSAGE IS CONVEYED TO ALL COUNTRIES WHEN OUR TWO GOVERNMENTS CAN STAND TOGETHER IN SUPPORT OF THE FUNDAMENTAL PRINCIPLES OF INTERNATIONAL CONDUCT.

YOU AND I, I BELEIVE, HAVE TRIED OUR BEST TO BEGIN THE PROCESS OF RESTORING OUR RELATIONS TO A MORE POSITIVE COURSE. BOTH SIDES HAVE TAKEN STEPS, INCLUDING SOME VERY BIG ONES. YOUR DIFFICULT BUT WISE DECISION TO PERMIT THE DEPARTURE OF THE FANG LIZHI FAMILY WAS HELPFUL, AND I EXPRESS MY APPRECIATION. IN MY JUDGMENT, THIS IS LIKELY TO BE A CRUCIAL FACTOR IN THE MOST-FAVORED-NATION DEBATE.

NEVERTHELESS, MORE REMAINS TO BE DONE TO IMPLEMENT THE PACKAGE SOLUTION. I HAVE INDICATED DESIRABLE FURTHER STEPS IN MY PREVIOUS LETTERS AND IN DISCUSSIONS BETWEEN OUR GOVERNMENTS.

FOR NOW, I WANT TO EMPHASIZE THE PRIORITY I ATTACH TO THE NEXT U.S. STEP: WINNING A CONTINUATION OF CHINA'S MOST-FAVORED-NATION STATUS. THAT IS, OF COURSE, A CRUCIAL NEXT STEP. I AM COMPELLED TO SAY, HOWEVER, THAT MORE NEEDS TO BE DONE ON THE CHINESE SIDE BEFORE I CAN GUARANTEE A GENERAL IMPROVEMENT IN OUR RELATIONS. ANY SUCH STEPS YOUR SIDE CAN TAKE WILL MOVE TOWARD ACCOMPLISHMENT OF THE PACKAGE SOLUTION WHICH IS SO MUCH IN OUR MUTUAL INTEREST. I AM WRITING YOU THIS LETTER FROM OUR VACATION SPOT ON THE MAINE COAST

~~SECRET~~

IMMEDIATE

~~SECRET~~

WHITE HOUSE SITUATION ROOM

PAGE 03 OF 03

I AM HOPEFUL THAT YOU HAD SOME TIME FOR REST AND RECREATION AT YOUR OWN SPECIAL SEASIDE PLACE -- BEIDAIHE.

PLEASE ACCEPT MY WARM, PERSONAL REGARDS.

SINCERELY,

GEORGE BUSH

END OF TEXT.

#0084

~~SECRET~~

Withdrawal/Redaction Sheet

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File Location: China: Post-Tiananmen (September 1990) [2]

**Document Partially Declassified
(Copy of Document Follows)**

By MM on 1/26/2016

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Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
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- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
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PRIORITY

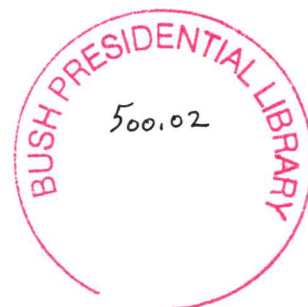
~~SECRET~~

~~SECRET~~

>PREC> PRIORITY >CLAS> ~~SECRET~~ >DTG> _____

FM: THE WHITE HOUSE

TO: ^{1.4(c)} BEIJING



~~SECRET~~ _____ SEPT 90 PRIVACY CHANNELS

FM: BRENT SCOWCROFT

TO: EMBASSY BEIJING, PRIORITY EYES ONLY FOR AMBASSADOR LILLEY

BEGIN TEXT.

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XIAOPING WAS PRESENTED TO AMB. ZHU.

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ACCOUNT OF THE CONVERSATION BETWEEN UNDER SECRETARY KIMMITT AND
AMB. ZHU AFTER THE PRESIDENT'S LETTER WAS HANDED OVER.

END TEXT.

BT.

~~SECRET~~

~~SECRET~~

DECLASSIFIED IN PART
PER E.O. 13526

2009-1101-MR
4/8/2014 MM

THE WHITE HOUSE

WASHINGTON

August 30, 1990

" Your Excellency:

I am writing to you, my old friend, to reemphasize the high importance I attach to the U.S.-China relationship. Our relations remain fundamental to peace and stability, not only in Asia, but in the entire world. This remains an objective fact, despite the tremendous difficulties and changes currently before us.

The United States will make no attempts to marginalize or downgrade this important strategic relationship. The recent U.S. policy adjustment on Cambodia is not a departure from our shared goal of a comprehensive settlement of the conflict there. Rather, it was an adjustment in approach necessary to overcome growing Congressional opposition to U.S. assistance to the Cambodian resistance. I regret that premature press leaks prevented appropriate consultations in advance with your government and that the leaks obscured the important progress toward our common objective made in the Perm Five discussions in Paris. I am gratified by the Perm Five Agreement this week on an interim administration for Cambodia and hope that the Cambodian factions can be induced to accept it in good faith.

I would also like to express my appreciation for the principled position taken by your government regarding the Iraqi occupation of Kuwait. I believe a useful message is conveyed to all countries when our two governments can stand together in support of the fundamental principles of international conduct.

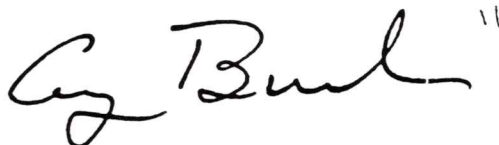
You and I, I believe, have tried our best to begin the process of restoring our relations to a more positive course. Both sides have taken steps, including some very big ones. Your difficult but

wise decision to permit the departure of the Fang Lizhi family was helpful, and I express my appreciation. In my judgment, this is likely to be a crucial factor in the most-favored-nation debate. Nevertheless, more remains to be done to implement the package solution. I have indicated desirable further steps in my previous letters and in discussions between our governments.

For now, I want to emphasize the priority I attach to the next U.S. step: winning a continuation of China's most-favored-nation status. That is, of course, a crucial next step. I am compelled to say, however, that more needs to be done on the Chinese side before I can guarantee a general improvement in our relations. Any such steps your side can take will move toward accomplishment of the package solution which is so much in our mutual interest. I am writing you this letter from our vacation spot on the Maine Coast. I am hopeful that you had some time for rest and recreation at your own special seaside place -- Beidaihe.

Please accept my warm, personal regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. Bush".

His Excellency
Deng Xiaoping
Beidaihe, China

**National Security Council
The White House**

PROOFED BY: _____ LOG # _____
 URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT
 BYPASSED WW DESK: _____ DOCLOG _____ A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Ken Hill	_____	_____	_____
Bill Sittmann	_____	_____	_____
Bob Gates	_____	_____	_____
Brent Scowcroft	_____	_____	_____
Bill Sittmann	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	_____	<u>Σ 4.9/6</u>	_____
NSC Secretariat	<u>1</u>	_____	<u>Log FRD</u>
_____	_____	_____	_____
_____	_____	_____	_____

90 SEP 8 AD: 40

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
 (Date/Time)

COMMENTS

Comback Copy To Doug Paal
 only.

DISPATCH INSTRUCTIONS:

Lonnie

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9007330
RECEIVED: 14 SEP 90 15

TO: SCOWCROFT

CHRON FILE

FROM: PAAL
JACKSON

DOC DATE: 13 SEP 90
SOURCE REF:

KEYWORDS: CHINA P R

ANSA

4

PERSONS: HAN XU

SUBJECT: MTG W/ AMB HAN XU OF CHINA ON 16 SEP

ACTION: NOTED BY GATES

DUE DATE: 18 SEP 90

STATUS: C

STAFF OFFICER: PAAL

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

GANTT
JACKSON
NSC CHRON
PAAL

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By Cap NARA, Date 5/1/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSMJT

CLOSED BY: NSGLM

DOC 1 OF 1

~~CONFIDENTIAL~~

**National Security Council
The White House**

PROOFED BY: WEA LOG # 7330
 URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT
 BYPASSED WW DESK: _____ DOCLOG LNSA/O

	SEQUENCE TO	HAS SEEN	DISPOSITION
<i>WFA</i> Ken Hill	<u>1</u>	<u>KH</u>	<u>A</u>
Bill Sittmann	<u>2</u>	<u>W</u>	
Bob Gates	<u>3</u>	<u>8</u>	
Brent Scowcroft	<u>4</u>	<u>Discarded</u>	
Bill Sittmann		<u>TAB A X</u>	
Situation Room		<u>President</u>	
West Wing Desk	<u>2</u>	<u>per General</u>	
NSC Secretariat	<u>5</u>	<u>9/18 10/18</u>	<u>06/18/82</u>

90 SEP 14 P 5:11

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
 (Date/Time)

COMMENTS

former
Hueb (Han Xue)

Noting 9/17 5:00pm

DISPATCH INSTRUCTIONS:

Doug Lopes you will
these w/ President
Doesn't want to create an official

discussed with

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

7330

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 14, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH:

K KARL JACKSON *D*

FROM:

DOUGLAS PAAL *D*

SUBJECT:

Your Meeting with Ambassador Han Xu of China,
September 16, 1990, 5:00 - 6:00 p.m. EDT

Han Xu, "Tiger" Yang and Ambassador Zhu Qizhen will be making an essentially social call on you as "old friends." Nevertheless, the state of our relations with China makes it very likely they will want to air their complaints about our policy and seek new US action.

The points at Tab A are intended to provide you and the President reminders of the positive steps we have taken and our assessment of the current state of play in the relationship and Congress.

RECOMMENDATION

That you use the points to be made at Tab A.

Attachment

Tab A Points to be Made

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
PER E.O. 12958,
AS AMENDED

2000-0116-F11

Q 3/31/10

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

7330

POINTS TO BE MADE FOR MEETING WITH
AMBASSADOR HAN XU OF CHINA

- Our goal remains to restore our relations to a positive course, one that will be sustainable in both of our countries.
- Your steps to release the Fang Lizhi family and to hold up your international responsibilities in the Gulf crisis and Cambodia have been recognized and welcomed by us.
- We have also taken steps gradually to improve relations.
- After Fang Lizhi left China, we used the Houston summit to give the go-ahead for Japan's third yen loan and to explore expanding the scope of World Bank lending for China, in step with further progress.
- We then gave a warm reception to Mayor Zhu Rongji's delegation, far beyond anything we would have done for a mayoral delegation from any other country.
- We also sent Assistant Secretary Dick Solomon to China when the opportunity presented itself with the Gulf crisis.
- Our strategy now is to insure the China's most favored nation status is retained. Congress can act at any time before the end of this session to deny MFN.
- I do not want to do anything that will provoke the Congress into voting against MFN.

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
PER E.O. 13526

2009-1101-MR
4/8/2014 MM

~~CONFIDENTIAL~~

2

~~CONFIDENTIAL~~

- Your actions in dealing with Cambodia and the Gulf crisis have helped reduce the heat in the Congress; but that can be reversed overnight if the Congress perceives China is working against our interests in the Gulf or if there is a new brutal suppression of disorder in China.
- After the Congress ends this session, we will have greater scope to begin to lift the sanctions.
- You will need to take action, releasing the remaining prisoners and ending the jamming of VOA, in order for us to overcome the legal impediments to, for example, our World Bank voting and TDP activity.
- Other steps, such as gradually raising the level of our political dialogue, do not require -- but will be eased by -- actions on your part.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~SECRET~~
NSC/S PROFILE

RECORD ID: 9007543
RECEIVED: 21 SEP 90 16

TO: GATES

CHRON FILE

FROM: BARTH
DEAL

DOC DATE: 21 SEP 90
SOURCE REF:

KEYWORDS: CHINA P R
TECHNOLOGY TRANSFERS

EXPORT CONTROLS
SCIENTIFIC

PERSONS: BERMAN, W

SUBJECT: COMPUTER CASES FOR CHINA

ACTION: NOTED BY GATES

DUE DATE: 25 SEP 90

STATUS: C

STAFF OFFICER: BARTH

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

BARTH
DEAL
KANTER
NSC CHRON
PAAL

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By Cop NARA, Date 5/1/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSGLM

CLOSED BY: NSRLG

DOC 1 OF 1

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AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

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ACEP BACKGROUND PAPER
OCM 90-6/D018524,D028987,D029013,D022022

POLICY REGARDING THE EXPORT OF DOWNGRADED CONVEX C-120 COMPUTERS TO THE PRC

ISSUE

Does the proposed export of four downgraded Convex C-120 Computer Systems to legitimate civil end users in the PRC, with the safeguards imposed by the ACEP in 1988 for the approval of a C-1 computer to the Institute of Atmospheric Physics, present an unacceptable risk to our national security?

BACKGROUND

Convex Computer Corporation has filed four export license applications to export four downgraded Convex C-120 Computer Systems to various civil end users in the PRC. These applications represent an aggregate value of approximately \$2.7 million. The applicant states that each system will be identical to the downgraded C-1 computer system approved for export under license number B252667 (OCM 1913, ACEP ILD 469 dated 11/11/88). The applicant has further stated that these four computer systems cannot be networked, nor can they be upgraded to C2 or C3 series systems which are capable of networking (see Attachment A).

The Convex C-120 has a PDR of only 252 Mbps, but it has a scalar and a vector processor. Because the vector processor can perform an add and a multiply instruction simultaneously, it is a multi-data-stream processing (MDSP) computer and is, therefore, at the general exception level. The MDSP feature allows a computer to perform two or more arithmetic operations simultaneously, however, the same efficiency can be achieved by a computer with a higher PDR. The vector processor has a theoretical peak performance (TPP) of 20 MFLOPS, but the model under consideration in these applications has been downgraded to 16 MFLOPS.

Two of these C-120's (D028987 and D029013) are to be used in meteorological studies, the same end use as in B252667, one is to be used in oil exploration and development (D018524), and one is to be used in power generation studies (D022022). It should be noted that all of these uses are legitimate civil activities under our export policy toward the PRC. Moreover, EXCON has advised us that it has no derogatory information on any of the four end users.

The previous approval, B252667, involved the export of a Convex C-1 Computer System to the Institute of Atmospheric Physics in Beijing. This case was elevated to the ACEP level and, following exhaustive technical review by the agencies and protracted

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negotiations with Convex, the ACEP approved the case in November 1988, subject to extensive downgrades and monitoring conditions designed to minimize the risk of diversion or reverse engineering (see Attachment B). On December 13, 1989, the applicant reported full compliance with these conditions (see Attachment C).

On April 19, 1990, Under Secretary Dennis Kloske received a letter from the applicant urging a prompt decision because they are in danger of losing this sale if this license application is not approved by the end of May, 1990 (see Attachment D).

COMMERCE AND STATE POSITION

The U.S. has already provided the PRC with a more powerful level of computing capability. In D017005, the U.S. approved a system consisting of a cluster of 5 IBM 3081/3838s and a Star ST-50 array transform processor. The aggregate performance of this cluster is 75 MFLOPS (estimated). The capability of this system is 5 times more powerful than the modified C-120 under consideration.

The previous approval of the Convex C-1 was based on the conclusion that all of our national security concerns with this export had been adequately satisfied by the conditions of approval, and that approval constituted a precedent, irrespective of what DOD may have stated at the time.

DOD POSITION

Defense believes that the Convex C-120, even with the downgrades and safeguards imposed on B252667, should not be approved, because of its multi-data-stream processing capability, and that the approval of B252667 should not be considered a precedent for approval of such computer systems. Therefore, the four pending applications should be denied.

RECOMMENDATION

Commerce and State recommend approval of these four applications, subject to the same conditions of approval as those imposed on B252667 (see Attachment B).

Attachments

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March 19, 1990

Mr. Larry Hall
Senior Electronic Engineer
Computer Systems Technical Center
U.S. Department of Commerce Room 4082
14th and Constitution Avenue
Washington, D.C. 20230

Dear Mr. Hall:

Please allow me to submit, on behalf of our client, Convex Computer Corporation of Dallas, Texas, certain information that you requested regarding "networking" of Convex computers.

Before discussing the technical aspect of the networking of Convex computers, you may recall that one of the conditions of the export license approved last year for the Institute of Atmospheric Physics (IAP) that stated that there would not be any networking capabilities within the computer. This condition has, of course, been strictly complied with. Since the computers described in the proposed four license applications (No.'s C306452, C306429, C133038, C308707) are identical to the downgraded IAP computer, no networking capability exists within the subject computers.

On a technical level, the networking of computers implies real time (or near real time) sharing of resources amongst computers, to more efficiently process software. To accomplish this real time sharing, "closely" and/or "tightly" coupled operating systems are required at each node of the network. Also, certain hardware must be present to rapidly transfer software/data and commands from one computer to another. This hardware includes communication and logic hardware. Lastly, certain high level software/firmware is required to monitor the overall network for one of the computers in the network to ensure continued real time, efficient allocation of workload, and successful termination of processing. I might note that workload balancing and allocation is especially critical among the computer nodes of a network. Without the necessary hardware/software, the computers are "stand-alone" computers.

Larry Hall
March 19, 1990
Page 2

The C120 Series of computers manufactured by Convex and proposed for export to the PRC do not contain any of the networking features/capabilities described above. These computers were designed to be stand-alone computers to process certain scientific problems. Neither the operating system nor hardware can accommodate even a minimal level of networking.

The only external communication that the C120 Series is capable of is simple data/file/command transfer from a terminal or another peripheral. The C120 can, of course, also accept this file transfer from another computer but, in essence, the transferring computer acts as a terminal to the receiving computer. There is no "coupling" between the processors. Lastly, the C120 is capable of linking to a local area network - LAN - (such as Ethernet) as a node but only responds as a stand-alone computer that will process information supplied from other parts of the LAN.

There are Convex computers, such as the C2 Series and the soon-to-be-announced C3 Series, that are capable of networking, but this capability simply does not exist in the C120 series. You may know that it is impossible to upgrade from a C120 to a C2 or C3 series computer, due to different architecture, software, hardware, etc.

Please do not hesitate to contact me if you have any questions or comments.

With best regards, I remain,

Very truly yours,

A handwritten signature in black ink, appearing to read 'Bo Denysyk', with a long horizontal stroke extending to the right.

Dr. Bo Denysyk
Senior Vice President

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Attachment B

ADVISORY COMMITTEE ON EXPORT POLICY

Conditions of Approval for OCM 1913/B252667

1. The Equivalent Multiply Rate (EMR) of the Convex C-1 is to be irreversibly downgraded by twenty percent (20%), from 20 million operations/second to not more than 16 million operations/second. This downgrade in performance will be implemented in the vector hardware by changes to 2 printed circuit boards executing the multiply function;
2. The applicant will make hardware and software changes necessary to monitor the operation of the Convex C-1 on a continuing basis by installing hidden, non-erasable software that records, on protected media, all of the activities of the computer as it is being used (i.e., a day file). The tapes recording such use will be reviewed monthly by the applicant's or Convex's representatives, who are COCOM nationals. Any misuse of the computer shall be promptly reported to the Department of Commerce;
3. All software, except the minimum necessary for installation and operation, is to be in object code only;
4. The applicant will make firmware changes to reduce irreversibly by fifty percent (50%) the execution rate of the following logical operations: XORVECTOR, ORVECTOR, ANDVECTOR and POPCOUNTVECTOR. The microcode will not be accessible by the end user and will be protected by internal software checks.
5. Networking is to be limited to local area networks only. No X.25 level 3 software or higher communication protocols are to be provided;
6. The applicant's or Convex's representatives, who are COCOM nationals, will be required to verify on-site installation of the Convex computer system, visit the site every three months for a period of three years, and report the results of these visits to the Department of Commerce;
7. No manuals, hardware training or other technical data will be provided, except that which will allow repair at the board level only. Only technical data which allows a fault to be traced to a faulty board is to be furnished.
8. No training or assistance for software design/modification is to be provided;

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9. All repairs and maintenance of the CPU and main memory boards will be performed by the applicant's or Convex's representatives, who are COCOM nationals. All parts required for such repairs and maintenance will be held by the applicant in a Free World country for use on a one-for-one exchange basis. The applicant will be responsible for retaining custody of, or destroying, all defective parts associated with the CPU or main memory boards. All other parts needed for repair or maintenance may be stored in the PRC in the minimum quantities required for a three-month period of operation.

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December 13, 1989

Mr. Larry O. Hall
U.S. Department of Commerce Room 4082
14th and Constitution Avenue
Washington, D.C. 20230

Dear Mr. Hall:

Please allow me to inform you that the conditions specified in license number B252667, approved last year for the Institute of Atmospheric Physics (IAP), Beijing, PRC, have been fully satisfied as of December 11, 1989.

The Convex computer installed at IAP was modified and downgraded from the original C1 model specifications to those specified in the subject license. The final modifications were completed by Mr. Pip, an employee of Convex, on December 10, 1989.

We apologize for the delay. Unforeseen technical problems and Convex's requirement to ensure an "error free" modification from the onset delayed the final modification.

Please note that the modification cost exceeded \$250,000, none of which can be recovered from the Chinese on the IAP sale. These costs can be recovered, however, if the U.S. government allows a relatively small number of computers for export to the PRC. The modified machine is only marketable in the PRC.

If necessary, a visit by U.S. Embassy personnel to IAP can be arranged for verification purposes.

I hope these completed modifications will now allow the four pending export licenses (D018524, D029013, D028987, D038061) for identical computers proposed for export to the PRC to move forward and be approved.

Please do not hesitate to contact me if you have any questions or comments.

Very truly yours,


Dr. Bo Denysyk
Senior Vice President

cc: Kenneth Kin, Convex-Singapore
Lana Yeager, Convex-Richardson, Texas

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OFFICE OF THE
US/USIA

April 19, 1990

The Honorable Dennis E. Kloske
Under Secretary for Export Administration
U.S. Department of Commerce Room 3898B
14th Street and Constitution Ave., NW
Washington, D.C. 20230

Dear Dennis:

Please allow me to mention a matter relating to the four pending requests by our client, the Convex Computer Corporation, (Nos. C306452, C306429, C133038, C308707) to export certain computers to the People's Republic of China. Please excuse this inconvenience, but we have been informed that an Advisory Committee on Export Policy (ACEP) meeting has been scheduled to discuss these cases and that you may be involved in this process.

The foreign trade organization for the Chinese Academy of Science has formally notified Convex that they will cancel all contracts at the end of May, 1990 unless there is visible progress in the export license approval process. Also, the World Lab (the international meteorological organization headquartered in Rome and the financial support organization for one of the Convex computers) has formally notified Convex of their intent to cancel their contract. The World Lab is the actual "contract signer" and purchaser of one of the computers, even though it will reside at the Chinese Academy of Science. The computer will be used for desertification and other meteorological research that will be published through the World Lab.

If the Convex contracts are cancelled, the Chinese will likely purchase either a VAX 8800 or a similar Siemens computer (the Siemens computer is actually manufactured by Hitachi). Both of these competing computers are comparable in throughput to the downgraded C120 proposed for export to the PRC. While a direct comparison of scalar/vector capabilities of the C120 and the VAX will not show a direct match, the throughput is virtually identical for both computers (the Convex 120 vector capacity is higher than the VAX, but the scalar capacity is much lower, with the result of roughly equal throughput). It is, therefore, not entirely clear to us why VAX's are approved relatively routinely to the PRC, while the Convex computers have encountered a rather lengthy review process.

Dennis Kloske
April 19, 1990
Page 2

Please note that we are not certain whether the Chinese and World Lab threats are real, but we are treating them as real. If they are real, Convex will lose over two million dollars in revenue, another \$250,000 spent for the original downgrade for the first Convex computer already approved for China, and serious damage to their reputation as a reliable supplier.

Your continued interest and support is sincerely appreciated, and please do not hesitate to contact me if you have any questions or comments.

With best regards, I remain,

Very truly yours,



Dr. Bo Denysyk
Senior Vice President

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ACEP BACKGROUND PAPER
OCM 90-21/D045372 AND D051804

EXPORT OF AN IBM 3090 MODEL 120S WITH VECTOR
AND RELATED SEISMIC DATA ANALYSIS SOFTWARE
TO THE PEOPLE'S REPUBLIC OF CHINA

ISSUE

The IBM 3090 Model 120S with vector is a COCOM general exception computer and has near supercomputer performance capability. A computer of this class has never been approved to China even though since 1983 the U.S. has approved large general exception level computers for seismic data analysis. The issue is should the U.S. Government approve the export of an IBM 3090 Model 120S with vector and seismic software. The seismic software is also general exception, but it has been approved previously to China.

BACKGROUND

D045372 is for the sale of an IBM 3090 Model 120S with vector to the China National Petroleum Corporation (CNPC) for seismic data analysis. The software is to be provided by the Western Geophysical Division of the Western Atlas International under D051804. DoD has recommended denial of the hardware application and returning the software application without action.

The Model 120S is a general exception computer because the vector processor is an array processor with an equivalent multiply rate (EMR) that exceeds the current PRC Green Line limit of 800,000 operations per second (OPS). IBM does not publish an EMR rate for the Model 120S vector processor; however, based on published MFLOPS rating for this computer, it has an estimated EMR rate of 60 million OPS.

COMMERCE POSITION

Commerce recommends approval because of:

- (1) Legitimate need. Seismic data analysis requires processing a very large amount of data. Since oil exploration is an important activity, large (general exception) computers have been approved for this end use. An example is D017005 which was approved last December. This system consists of a cluster of 5 IBM 3081/3838s and a Star ST-50 array transform processor. The aggregate performance of this cluster is 75 MFLOPS (estimated). The capability of the Model 120S is about 60% higher than this cluster. Although the Model 120S

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would be the most powerful computer system ever exported to the PRC, its approval is consistent with our policy of approving the export of general exception computers for seismic data processing.

- (2) Reliable end-user. The CNPC seismic data analysis center began its operation in August 1983 with an IBM 3033. An improvement was made in 1987 with the addition of an IBM 3081 and an IBM 4381. The center is now processing seismic data on a 24 hours a day, 7 days a week, schedule. The IBM 3090 will replace the IBM 3033, which will be transferred to CNPC if this transfer is approved by the U.S. Government. No abuse or violation has been reported since the center was established.
- (3) Rigorous safeguards. Since 1983, the U.S. government has imposed conditions to safeguard against possible unauthorized use of the approved computers. Western nationals have manned and operated this center 24 hours a day and filed monthly reports with the Department of Commerce. The Model 120S would be approved subject to the same safeguards.

DEFENSE POSITION

Defense recommends denial because the Model 120S with vector is too advanced. No supercomputer has been approved to China before. The Model 120S should therefore be denied because it has near supercomputer performance capability. Furthermore, this approval would set a new precedent and would extend the Yellow Zone for China significantly.

RECOMMENDATION

Commerce recommends approval with extension of the conditions imposed on the computers currently installed at this site to include the IBM 3090.

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**ATTACHMENT A
SPECIAL CONDITIONS AND
STATEMENT OF IMPLEMENTATION**

**CONDITIONS FOR WESTERN GEOPHYSICAL'S EXPORT OF AN
IBM 3081 COMPUTER SYSTEM TO THE PETROLEUM CORPORATION OF
THE PRC: OC MEMO 1819/758074**

It is understood that the IBM 3081 Computer System, all components thereof, equipment and software related thereto (hereinafter referred to as "the computer system") as set forth in the License Application Number A758074, shall be used exclusively for production processing of geophysical data associated with oil and gas exploration; and

It is further understood that the applicant, Western Geophysical Co. of America (hereinafter "WESTERN"), shall retain full title to, and ownership of, the computer system under its services contract with the Petroleum Corporation of the People's Republic of China (hereinafter "the PCPRC"). Access to the computer system by the PCPRC to be limited in accordance with the special conditions set out below; and

It is further understood that the computer system will be co-located and operated under a shared SPOOL with both the IBM 3033 system installed and operating pursuant to License Number A363365, and an IBM 4381 computer described in License Application Number B000768. The 4381 computer shall be used to provide the following services, including but not limited to, on-line data entry, on-line data editing, on-line data interpretation, on-line plotting, programming capability for both PCPRC and WESTERN personnel, and other ancillary services normally associated with oil and gas exploration activities. All terminals attached to the 4381 computer shall be locally attached and at a distance not to exceed 1500 meters from the computer operating area; and

It is further understood that only persons referred to as "Regular Authorized Personnel" in the Special Conditions set out below will be responsible for the management, operation, maintenance and safeguard of the computer system. These must all be employees of WESTERN or of another entity domiciled in a COCOM country and be nationals of a COCOM country; and

It is further understood that upon the termination for any reasons of the services contract between WESTERN and the PCPRC, WESTERN will actively seek to remove the computer system, and the PCPRC will allow such removal, from the People's Republic of China; and

It is further understood that the services contract between WESTERN and the PCPRC will be implemented subject to the following special conditions:

SPECIAL CONDITIONS

1. Minimum staffing levels for the management, operation, maintenance and safeguard of the computer system shall be 9 Regular Authorized Personnel for each year during which the 3033 and the 3081 are operated together. Should the 3033 be removed, the minimum staffing level shall be maintained at 9. Such Regular Authorized Personnel shall always include a resident center manager, two processing supervisors, a geophysical application programmer to perform program maintenance, all of whom shall participate in the daily operation of the computer system, and shall monitor the activities of all PCPRC personnel allowed access to the computer system.

Implementation -- The staff of Regular Authorized Personnel shall consist of employees of WESTERN and of employees of certain other contractors. A roster of all such personnel will be furnished to the Department of Commerce and the passport information for each person will be noted on the roster. The monthly report as stipulated in Condition 21 will include a duty log of personnel who were present during the period of time covered by the report. The minimum staff level of 9 personnel are presently resident at the Zhuoxian site and participating in the operation of the IBM 3033 Computer System licensed under ITA Case Number 363365.

2. Each master console shall be located entirely within an Isolated Area.

Implementation -- A floor plan of the computer room within the Data Center showing the location of the Isolated Area's walls will be submitted to the Department of Commerce. The eventual location of the master consoles within the Isolated Area as indicated on the floor plans will be verified by photographs and/or video tapes. The Isolated Area will be located on the 2nd floor of the building in which the computer system is housed. Due to the design of the building and resultant floor space constraints, the tape drives, line printers, and the computer operations personnel will also be located on the 2nd floor along with the Isolated Area. The disk drives and all other items required to be in the Isolated Area, as mandated by these Special Conditions, will be located in the Isolated Area. All other equipment will be located on the third floor.

The MVS Operating System will be modified to prevent the switching of the master console to any other location outside the Isolated Area. This modification will prevent the alteration of the operating system by an unauthorized user located outside the Isolated Area.

3. The Isolated Area will be built with clear glass walls and have a single access door. At least one Regular Authorized Personnel will provide 24 hour a day, seven days a week monitoring of the Isolated Area and the immediate surrounding area. Whenever the Regular Authorized Personnel are outside of the Isolated Area, the access door will be locked, and the Regular Authorized Personnel shall remain in the immediate surrounding area so as to maintain visual observation of the Isolated Area.

Implementation - The monthly duty log will discuss in detail the required coverage of the Isolated Area.

4. No person other than Regular Authorized Personnel shall have access to the Isolated Area, except as shown below:
 - a. WESTERN's resident computer center manager may authorize access, in advance, for such persons as, for example: official visitors or cleaning staff.
 - b. Such persons who are thus exceptionally authorized to enter the Isolated Area shall be escorted by Regular Authorized Personnel.

Implementation - The key to the access door of the Isolated Area will at all times be in the personal possession of the Regular Authorized Personnel on duty to maintain observation of the Isolated Area. Whenever that person is not physically present inside the Isolated Area, the access door will be locked. The monthly report will contain the names of all persons who have been exceptionally authorized to enter the Isolated Area to include the date/time they were present in the Isolated Area.

5. The Isolated Area shall house:
 - a. all the disk drives that contain the operating system, the procedure library, and the load module library;
 - b. all magnetic tapes used for systems backup;
 - c. all the maintenance support items, including but not limited to, logic manuals and microfiche; and
 - d. all the disk volumes that contain source libraries, compilers, and the linkage editor used with the 3033 and the 3081.
 - e. a computer terminal to be used solely by WESTERN's resident programmer to perform software maintenance. This terminal shall have a manual switch which will allow the terminal to be connected to only one CPU at a time.

Implementation - The Isolated Area will house all disk drives mentioned in item 5.a above together with all tape media for system maintenance and back-up. The Isolated Area shall also contain racks for storage of logic manuals and microfiche. Desks and/or tables will be included to accommodate any work by Regular Authorized Personnel who require these materials. A floor plan that shows these facilities will be verified with photographs when construction is completed. The manual switch on the computer terminal specified in item "e" above will allow connection only to the 3033, 4381, or 3081 computers.

6. The programming facilities for the 3033 and the 3081 such as, but not limited to, the "batch mode" access to compilers and assemblers, shall be stored in the Isolated Area upon disk devices which must be electrically disabled when not in use. Such facilities shall be controlled by RACF. "Batch mode" means that there will exist no direct electrical connection through the SPOOL that will support program submission from the 4381 to the 3033 or the 3081. All program development by the PCPRC personnel will be restricted to the 4381. PCPRC source code will be recorded on physical media (i.e. punch cards or magnetic tape) and will be hand-carried by Regular Authorized Personnel. Regular Authorized Personnel will conduct the program inspection described elsewhere in these conditions and will authorize the source code on the 3033 or the 3081 for compilation and test runs.

Implementation -- The programming facilities will be controlled by RACF and JES system exits to ensure that only Regular Authorized Personnel can submit programs to the 3033/3081. RACF dataset profiles will be built for all systems and datasets; RACF DASDVOL profiles will be built for all disk volumes; RACF passwords will be encrypted using the IBM standard encryption method instead of DES (Data Encryption Standard).

7. No time sharing services shall be available at any time on the 3033 or 3081.

Implementation -- TSO/E and VTAM (Modules IKJEFT01 and ISTINM01 respectively) will be manually removed from the 3033/3081 operating systems.

8. PCPRC personnel shall be allowed access to the library of WESTERN's application software only for the purpose of making minor modifications and adjusting for anomalies peculiar to the PRC exploration environment. Upon request, WESTERN will make available specific portions of seismic applications source code on the 4381. WESTERN will submit a quarterly report to the U.S. Government of all major application software function modifications which have been distributed to WESTERN's center in Zhuoxian. WESTERN will provide to the U.S. Government a synopsis of the modifications described above.

Implementation -- Using a WESTERN written JES2 exit routine, all jobs which do not access the standard production libraries for execution on the 3033 or 3081 shall automatically be placed in a hold status from which Regular Authorized Personnel will review the job. This would include any job which accesses the compiler or linkage editor. Upon request WESTERN will copy the portions of its applications source code to a disk volume that is on-line to the 4381 computer system. This source code may be edited using the standard ISPF editor resident in the operating system on the 4381. The copy operation will be performed by Regular Authorized Personnel from the terminal located in the Isolated Area. WESTERN's source code library will be off-line when not in use by Regular Authorized Personnel; when it is on-line it shall be RACF protected. The quarterly report will be submitted to the Department of Commerce and will detail all the major function modifications made to the application software and a synopsis thereof.

9. Before any program that has been modified or developed by PCPRC personnel is executed on the 3033 or 3081 in a production environment, it shall be tested and examined by Regular Authorized Personnel to confirm that it is designed only for processing geophysical data.

No software or test data modified or developed by PCPRC personnel shall be executed in a non-production environment on the 3033 or 3081 unless it has been recompiled, loaded, authorized and supervised by Regular Authorized Personnel. All test runs that execute for a period of time exceeding 2 hours will be examined once again by Regular Authorized Personnel to verify that the test runs meets the requirements established by these conditions.

Implementation -- Any program developed or modified by PCPRC will be executed using a standard seismic test dataset as the input data, and the resulting seismic profile will be compared to the original. The examination of source code will be performed by experienced geophysical application programmers who are Regular Authorized Personnel.

Regular Authorized Personnel will recompile and load programs developed by PCPRC and place a copy of them in a library accessible only by Regular Authorized Personnel. All test runs of those programs will execute in a single job class, and RMF and SMF will log all pertinent information, such as, elapsed time, I/O counts to each device, and data sets accessed. The test run log shall be reviewed daily by Regular Authorized Personnel and, if necessary, offending test runs will be reexamined by Regular Authorized Personnel.

10. WESTERN shall provide to United States Government on a semiannual basis a review and analysis of the programs presented for execution on the 3033 or 3081 computer system by the PCPRC. Copies of PCPRC's programs will be forwarded to WESTERN's corporate headquarters in Houston, Texas, for review and will be made available to the United States Government upon request.

Implementation -- Programs developed or modified by PCPRC will be executed in Houston on standard seismic test datasets, and the output seismic profile will be compared to the original profile generated from the same input dataset. The source code will be reviewed by experienced programming geophysicists to determine if it is in fact for processing only legitimate geophysical data.

11. All compilers, assemblers, system utilities and the linkage editor for use on the 3033 and 3081 shall be placed on a single disk volume in a library that is solely controlled by Regular Authorized Personnel. This volume shall be enabled (electrically active and on-line to the operating system) only when such personnel are performing programming maintenance on the system. Limiting the use of this library to only such personnel shall be controlled by RACF.

Implementation -- The compilers, assemblers, system utilities, and linkage editor will be in RACF protected libraries located on disk media inside the Isolated Area. RACF and JES exits will be incorporated into the operating system on the 3033/3081 to ensure that these libraries can only be accessed by Regular

Authorized Personnel. The disk unit shall be active and on-line only when Regular Authorized Personnel are performing system or application code maintenance.

12. All production program libraries for the 3033 and 3081 shall be mounted on disk drives in the Isolated Area, and all access to such libraries shall be logged by RACF. On a random basis but at least every thirty days, WESTERN's geophysical application programmer will run a compare program to verify that the load modules have not been changed.

Implementation -- RACF will be tailored to accomplish the following:

- a. Log the total use of a sensitive resource
 - b. Identify the resources that are repeated targets of detected unauthorized attempts to access them
 - c. Identify the users who make detected unauthorized requests
 - d. Track the activities of a particular user Changes to the seismic load module library will be performed only by Regular Authorized Personnel. Before any changes are made to this library which is stored on disk media, it will be compared to the original version stored on magnetic tape resident in the Isolated Area.
13. RMF, SMF, and RACF shall monitor all work performed on the 3033 and 3081 systems and shall log pertinent information, including but not limited to, elapsed time, CPU time, I/O counts to each device, and data sets accessed. All data tapes which require bypass label processing (BLP), must all be run in a single job classification on either the 3033 or the 3081.

Implementation -- RMF, SMF, and RACF shall be installed and log tapes will be maintained in the Isolated Area until a summary report is generated. Once a month summary reports will be generated and then forwarded to the Department of Commerce. The log tapes will be stored in the Isolated Area for twelve months.

JES2 will require all Bypass Label Processing (BLP) jobs to be run in single class. A report on these jobs shall be incorporated into the summary report above.

14. A JES2 exit shall be taken at the initiation of each job on the 3033 and 3081 to ensure that only valid programs from approved libraries can be executed, and only valid, catalogued procedures from WESTERN's procedure library shall be allowed.

Implementation -- Immediately after a job is submitted by a user, an installed JES2 exit written by WESTERN will be taken that interprets the job and will trap any job which is set up to execute anything other than a production load

module from the standard production library. Any non-standard jobs will be logged and placed in hold, where Regular Authorized Personnel will review them.

15. All non-production jobs read into the 3033 and 3081 computer system shall automatically be placed in HOLD status that requires overt action from WESTERN's console operator before the job can be run, and the console operator shall verify with the submitter that the job has been authorized by Regular Authorized Personnel before allowing it to execute.

Implementation -- this will be accomplished under Special Condition number 14.

16. Maintenance of the IBM supplied components of the 3033 and 3081 shall be performed by Regular Authorized Personnel. Maintenance of the 4381 components will be performed by PRC nationals. Any maintenance activities performed by PCPRC employees on the 3033/3081 components will be limited to preventive maintenance functions. WESTERN will furnish an initial report that will detail the anticipated activities of PCPRC maintenance personnel that is related to the equipment covered by these special conditions.

Implementation -- Maintenance of the 3033/3081 central processor complex, Array Transform Processors, and all equipment located in the Isolated Area will be performed by Regular Authorized Personnel. Maintenance personnel will be included on the roster of Regular Authorized Personnel and will meet the citizenship requirements as described for Regular Authorized Personnel. The initial report on PRC's preventive maintenance activities will be submitted to the Department of Commerce prior to the shipment of any equipment to the Data Center.

17. Training of PCPRC personnel shall be limited to the minimum required for:
 - a. establishing and operating a tape library and performing tape-mounting operations;
 - b. using WESTERN application software, including the ability to modify programs and to adjust anomalies peculiar to the exploration environment in the People's Republic of China; and
 - c. interpreting output data by geophysicists.

Implementation -- our ongoing contract calls for periodic training courses to be conducted in Houston of some two to four months duration. That training will be directed toward usage by geophysicists of the WESTERN seismic software package and toward computer center operations. An outline of those courses will be submitted to the Department of Commerce. WESTERN personnel assigned to the Data Center will not offer training beyond the limits of the particular function for which they are responsible.

18. No training shall be given to PCPRC personnel in design or development of signal processing software.

Implementation -- this will be accomplished under Special Condition number 17.

19. Spare parts on site in the PRC shall be limited to a quantity appropriate for three months.

Implementation -- the initial spare parts list will be furnished to the Department of Commerce by WESTERN. Shipping documents will also be sent to DOC for comparison to the original list. As those spares are exhausted they will be replaced on an exchange basis.

20. No Unit Control Words (UCW's) will be placed on any CPU other than the UCW's necessary for the devices attached to the CPU.

Implementation -- Only the UCW's for devices that will be attached to the respective CPU's will be placed in the CPU's.

21. Within thirty days following the end of each month that the computer system is in the PRC, WESTERN shall submit to the Office of Export Licensing (OEL), U.S. Department of Commerce, a written report which:

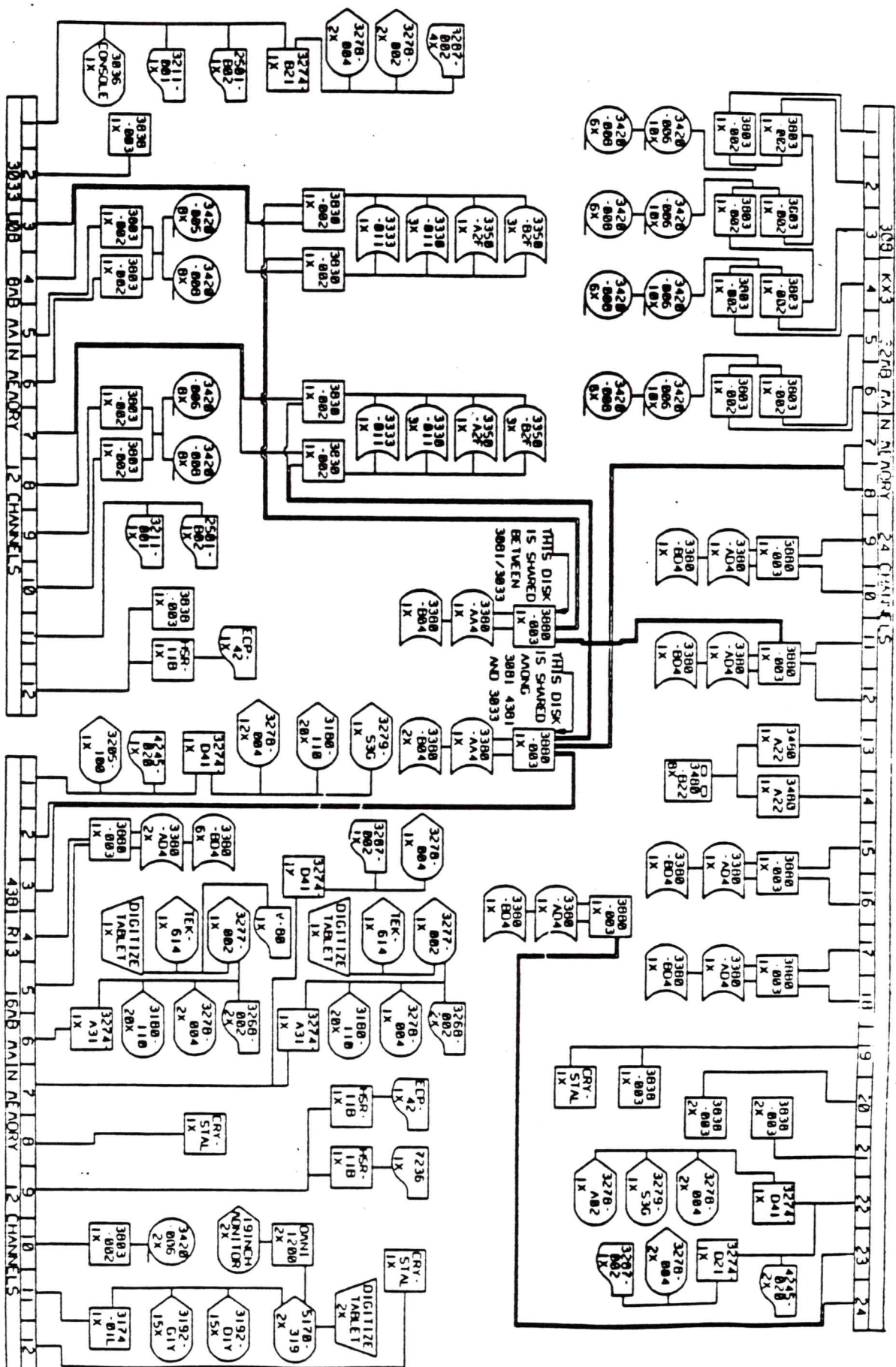
- a. states, for each thirty-day reporting period, whether the computer system has been used only for the authorized purposes at the authorized location, and whether there has been any change in the configuration of the system; and
- b. sets forth in detail, for each reporting period, the manner of compliance with Conditions 1 through 20 above.

Implementation -- at the end of each month a report shall be submitted to the Department of Commerce which includes:

- a. machine usage
- b. physical configuration changes (if any)
- c. duty roster of Regular Authorized Personnel
- d. table of contents for disk storage devices containing the operating system and all sensitive libraries
- e. if any unauthorized access to sensitive libraries has been attempted, an exception report from RACF with an explanation from on-site WESTERN personnel
- f. SMF summary of total time used for production runs, total time used for maintenance.

22. Prior to the issuance of a license, WESTERN shall submit to OEL a detailed written statement indicating how it will satisfy Conditions 1 through 21 above. Such submission shall include a written agreement by PCPRC to the implementation of said conditions. WESTERN shall receive from OEL written approval of such submission, which shall constitute final United States Government approval of the license.
23. License approval, subject to the above conditions, will be for an initial period of four years, with requests for extensions at the end of the initial period to be given favorable consideration by the U.S. Government, consistent with existing regulations and policies, and provided all terms and conditions of the license have been fully complied with.

ATTACHMENT B
SCHEMATIC DIAGRAM



ACEP BACKGROUND PAPER
OCM 90-24/D013315

POLICY REGARDING THE EXPORT OF A
CDC CYBER 992-31 COMPUTER TO PRC

ISSUE

The State Meteorological Agency (SMA) of PRC wishes to purchase a CDC Cyber 992-31 computer for civil meteorological applications. This computer has a PDR of 2035 Mbps, which exceeds the PRC Green Line limit of 550 Mbps. However, computers with much higher performance are generally used in the West for meteorological work. The capability of the Cyber 992-31 is marginal for SMA's anticipated meteorological program.

The issue is whether the U.S. should approve a Cyber 992-31 to the PRC for civil meteorological applications.

BACKGROUND

SMA is the meteorological agency of the PRC government, and the counterpart of the U.S. National Weather Service. The National Meteorological Center (NMC), a subdivision of SMA, is the consignee in this case. It has a staff of 1000, including 250 meteorologists. Its function is to provide short and medium range weather forecasts for all of PRC.

The nature of weather forecasting, including the need for global data bases, has resulted in the creation of cooperative meteorological programs among many of the world's nations. PRC is an active participant in this effort to improve worldwide weather forecasting. NMC and SMA are well known organizations in the international weather community; in fact, SMA Administrator Zou Jingmeng was elected president of the World Meteorological Organization in 1987. Also, SMA has participated in cooperative programs with the U.S. National Weather Service.

NMC needs a high performance Western mainframe in order to expand their weather prediction activities to a level comparable to that of Western meteorological centers. The main meteorological task which requires such high computational power is Numerical Weather Prediction (NWP). Typical NWP products are global five-day and ten-day weather predictions. These predictions require immense amounts of CPU time, and are typically produced on supercomputers in the West. For example, a ten-day prediction using the $T_{63}L_{15}$ Model would require four hours on the Cyber 992, but only 24 minutes on the Cray XMP supercomputer (NMC will be using the $T_{63}L_{15}$ Model, which was developed by the European Center for Medium Range Weather Forecasts). The projected NWP activities at NMC will require sixteen hours per day of the Cyber's time. The remaining eight hours will be filled by program development,

FOR OFFICIAL USE ONLY

system maintenance and administration, and other meteorological tasks. In effect, the Cyber 992 will be dedicated full time to the stated meteorological end use.

COMMERCE POSITION

Since Commerce and Defense are in agreement that the Cyber 992 is appropriate for the proposed end use, Commerce believes that an effective security safeguards plan is the key to approval. To this end, Commerce has worked with CDC and developed the attached 16-point Security Safeguards Plan. This comprehensive plan should prevent unauthorized use of the Cyber 992. Commerce further notes that Defense's denial recommendation of January 10 was based on an earlier, incomplete version of the Plan. The complete 16-point Plan was introduced at the Operating Committee on April 19.

DEFENSE POSITION

Defense objects to the export because of the high performance level of the Cyber 992, and because of its potential diversion to military end uses. Defense admits that the Cyber performance is appropriate for the projected weather applications, but continues to object to approval.

RECOMMENDATION

Commerce recommends approval subject to the conditions in the attached plan. Some of its major provisions are:

1. CDC personnel will administer the Plan.
2. The Plan includes access control, user validation, monitoring of system usage, and auditing.
3. Jobs will be divided into two categories: production and development. Individual users will be restricted as to which category they can run.
4. CDC will maintain strict control of the production library.
5. Program development will be limited on CPU time, storage access, and software utilities available.

FOR OFFICIAL USE ONLY

**Control Data Corporation
China State Meteorological Administration
End Use and Security Safeguards Plan**

1. The computer will be used only by the end-users specified in the government-to-government assurances governing this specific export and only for the purposes stated in that agreement. Computer use shall be only in accordance with the provisions of this Safeguards Plan.
2. Control Data will conduct System Administration/Site Management functions, including installation and update of systems and software; determination and installation of production and development capabilities; management of the system access controls, including user validation and managing/monitoring system usage logs. System Administration shall include regular visitation by Control Data Corporation representatives.
3. A technical consultative committee comprised of State Meteorological Administration (SMA) and U.S. technical experts will guide in operating and maintaining the computer. The U.S. members of this committee will be employees of the exporting company.
4. The systems will be equipped with access control software--to classify and track all jobs as either production or program development jobs; to restrict access to specific programs and system resources based on the production or development classification; to restrict system access to authorized persons and establish accountability for system use, to prevent execution of unauthorized programs, and generate logs of system activity.
5. Controlled Execution Based on Job Classification--The operating system will be configured so that all jobs can be designated and tracked as either production jobs or program development jobs.
6. Production Jobs--Jobs classified as production can only execute applications from an approved production library. Any attempt to select execution of any other program, compiler or system services will cause the system to log a record of that attempt and to terminate the job. In the production mode, the system will prohibit users from modifying any program or using utilities which could modify any program.
7. Production Applications--An initial library of pre-approved and publicly available weather forecasting and analysis software applications will be provided. This

MAY 3 1960 14:40 FROM CONTROL DATA CORP

library will be specified in cooperation with the National Weather Service. Provision will be made to approve certain indigenous weather codes for inclusion in the production library. Any new applications must be approved by the U.S. Government or its designee, i.e., Control Data Corporation, prior to inclusion in the production job library, as well as for conformance with the end-uses identified in the government-to-government assurances governing the specific export.

8. Programs certified for execution in the production mode will be protected from unauthorized modification by appropriate software and physical security measures. Any modifications to the previously-certified production programs will be certified by the System Administrator.

9. Individual users will be authorized to execute production jobs and program development jobs. The operating system will monitor and control users to allow only execution of the functions permitted within their authorized job class (i.e., a production job class or a program development job class).

10. Program Development Jobs--Jobs classified as program development can only execute approved system utilities such that weather applications that address specific PRC requirements can be developed. These utilities will enable users to create, edit, compile and debug FORTRAN programs. In the development mode jobs will be limited in CPU time, memory access, mass storage usage, input/output operations, etc. These resource constraints will limit the compute power available for program development.

11. The computer will be provided with accounting and audit software to generate extensive tracking of all activity, including functions performed, system startups and shutdowns, job users, production-development activities, applications run, system operations utilized and resources used. A separate log will be maintained and reports made of actions and events that are deviations from the prescribed activities.

12. For each job executed in the production mode or development mode, the operating system will log execution characteristics in order to permit generation of a statistical profile of the programs executed and resources used. Control Data will review the detailed logs as part of its visitation responsibilities and in cooperation with the State Meteorological Administration.

13. The source code for the operating system and applications will be accessible only to the manufacturer.

14. There will be no wide-area networking or use of remote workstations. Local area networking is permissible with workstation/terminal access from the end-user's local site.

15. The computer will be housed in a secure building 24 hours/day, 7 days/week and will be protected against theft and unauthorized entry.

16. A strict password system will be implemented to prevent unauthorized access to the computer. User IDs and passwords for access to the computer will be required for all users and will be strictly controlled by the System Administrator, who must be an employee of the applicant and a U.S. national.

17. The regular visitation specified in paragraph #2 shall be monthly for a period of one year, and quarterly for a period of three years thereafter, and shall include reporting to the U.S. Department of Commerce.

18. Limits placed on jobs run in the development mode (per paragraph #10) shall be 2 hours/day of CPU time, 16 MBytes of main memory, and 500 MBytes of mass storage.



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

SENSITIVE -- EYES ONLY

September 20, 1990

MEMORANDUM FOR TIM DEALE - National Security Council

FROM:

Wayne L. Berman *W. Berman*
Counsellor to the Secretary

RE:

Follow-up on Chinese Computers Issue

I spoke with Bob Gates today, who agreed to chair a State/Commerce/Defense meeting on the proposed Computer Data Corporation sale to the PRC. After discussions with Deputy Secretaries Eagleburger and Atwood, I believe such a meeting will produce a decision to which all sides can agree.

Gates suggested that you arrange this meeting. Both Eagleburger and Atwood believe it should be scheduled for tomorrow, September 21st. I understand that the proposed participants would be Dennis Kloske and Bartholomew. I believe Atwood suggested Wolfowitz, although I am not clear on this.

Please contact the appropriate people for this meeting.

cc: Gates
Eagleburger
Atwood
Murrin
Kloske

Tim - Thanks
Wayne

THE WHITE HOUSE
WASHINGTON

CHRON FILE

September 28, 1990

Phil



Dear Congressman Crane:

I am replying on behalf of the President to your letter to him on the issue of extending MFN status for China.

As you and your colleagues know, the President determined that China's MFN status should be extended because it is in the U.S. economic interest, because the impact of ending MFN would be devastating for Hong Kong, and because the President believes economic engagement is a vital means to promoting human rights in China over the long term.

I believe your goals and ours are the same in relations with China, although we have some differences over the means to employ. The President and his Administration continue to believe that his approach will work. The departure from the U.S. Embassy in Beijing of Dr. Fang Lizhi last summer gives us reason to believe we are on the proper course.

Today, through the UN Security Council, China is contributing critically to resolution of the crisis in the Persian Gulf and to an end to the conflict in Cambodia. I believe termination of China's MFN status would send precisely the wrong signal at this time. I urge you and your colleagues, for all these reasons, not to disapprove the President's determination to extend China's MFN status.

Sincerely,

Brent

Brent Scowcroft

The Honorable Philip M. Crane
House of Representatives
Washington, D.C. 20515

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 13, 1990

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH:

KARL JACKSON *KJ*

FROM:

DOUGLAS PAAL *DP*

SUBJECT:

Congressional Correspondence - China/MFN

At Tab I is a reply to a letter from Representative Phil Crane and 39 colleagues urging that MFN for China be tied to PRC commitments to human rights.

Concurrences by: V. Lan *VL* E. Melby

RECOMMENDATION

That you sign the reply to Phil Crane at Tab I.

Attachments

Tab I Scowcroft/Crane Letter

Tab II Crane/President Letter dated 5/22/90 with attachment
and McClure/Crane Letter dated 6/1/90

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

ID# 143199

CO 034-02

INCOMING

DATE RECEIVED: MAY 22, 1990

NAME OF CORRESPONDENT: THE HONORABLE PHILIP M. CRANE

SUBJECT: URGES THE PRESIDENT TO NOT RENEW MOST-FAVORED-NATION STATUS TO CHINA IF THEIR GOVERNMENT CONTINUES TO VIOLATE HUMAN RIGHTS AND NOT RELAX THEIR OPPRESSIVE RULE

		ACTION		DISPOSITION	
ROUTE TO:		ACT	DATE	TYPE	C COMPLETED
OFFICE/AGENCY	(STAFF NAME)	CODE	YY/MM/DD	RESP	D YY/MM/DD
FREDERICK MCCLURE		ORG	90/05/22	FM	A 90/06/01
REFERRAL NOTE:					
REFERRAL NOTE:		A	90/06/05		I I
REFERRAL NOTE:		I	90/06/07		I I
REFERRAL NOTE:					I I
REFERRAL NOTE:					I I
REFERRAL NOTE:					I I

COMMENTS: original letter had a paragraph re: taiwan, which was accidentally incorporated into the China letter and should not have been there. Cong. Crane supplied copy of letter as it should have been.

ADDITIONAL CORRESPONDENTS: 39 MEDIA:L INDIVIDUAL CODES: 1240 1230

MAIL USER CODES: (A) (B) (C)

*ACTION CODES:	*DISPOSITION	*OUTGOING	*
*	*	*CORRESPONDENCE:	*
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS	*
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	OF SIGNER	*
*D-DRAFT RESPONSE	*C-COMPLETED	CODE = A	*
*F-FURNISH FACT SHEET	*S-SUSPENDED	*COMPLETED = DATE OF	*
*I-INFO COPY/NO ACT NEC		OUTGOING	*
*R-DIRECT REPLY W/COPY			*
*S-FOR-SIGNATURE			*
*X-INTERIM REPLY			*

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

PHILIP M. CRANE

MEMBER OF CONGRESS
DISTRICT OF ILLINOIS

AND MEANS
COMMITTEE

COMMITTEES:
TRADE
ICE CHAIRMAN

HEALTH

REP. STUDY COMMITTEE
SELECTIVE COMMITTEE



Congress of the United States
House of Representatives

Washington, DC 20515

OFFICE:
SUITE 1038
LONGWORTH BUILDING
WASHINGTON, DC 20515
202/225-3711

1450 SOUTH NEW WILKIE ROAD
ARLINGTON HEIGHTS, IL 60006
708/384-0790

3719 W. Elm STREET
McHENRY, IL 60050
815/344-0110
708/225-3030

ROBERT C. COLEMAN
CHIEF OF STAFF

May 22, 1990

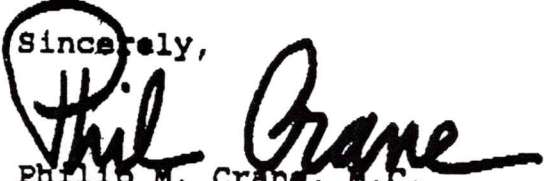
The Honorable George Bush
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

On Friday, my office mailed you a letter signed by myself and 39 of my colleagues. I am afraid, however, that due to computer error, the text of the letter you received is not identical to that which my colleagues agreed to cosign.

I have enclosed a copy the letter as it should have appeared in our correspondence to you. I apologize for any confusion this may have caused you.

Sincerely,


Philip M. Crane, M.C.

PMC/bj

PHILIP M. CRANE

MEMBER OF CONGRESS
12TH DISTRICT OF ILLINOIS

**WAYS AND MEANS
COMMITTEE**

SUBCOMMITTEES:
TRADE
VICE CHAIRMAN

HEALTH

REPUBLICAN STUDY COMMITTEE
EXECUTIVE COMMITTEE



**Congress of the United States
House of Representatives**

Washington, DC 20515

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LONGWORTH BUILDING
WASHINGTON, DC 20515
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1450 SOUTH NEW WILES ROAD
ARLINGTON HEIGHTS, IL 60005
708/384-0780

3719 W. ELM STREET
MICHIGAN, IL 60060
815/344-0110
708/223-3030

ROBERT C. COLEMAN
CHIEF OF STAFF

May 22, 1990

The Honorable George Bush
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

You will soon face a very important decision on whether to recommend to Congress to extend most-favored-nation status to the People's Republic of China. We understand that this will be a very difficult determination for you to make, especially in light of the fact that it must be reached by June 3rd -- the day before the first anniversary of the massacre in Tiananmen Square.

We share your obvious disappointment over the lack of progress on the part of the People's Republic of China towards improving their human rights record. The extraordinary confidence that you placed in Beijing after the crackdown on democracy last year has clearly gone unnoticed, and rather than make efforts to ease repression of personal freedoms, the Chinese instead have done the reverse.

The continuing suppression of the pro-democracy movement has been especially evident during the past few months. According to the findings of the State Department, there has been an increase in the surveillance of dissidents, political education classes for students, restrictions on overseas study and an increase in the persecution of the Roman Catholic Church and other religious groups. In addition to these more recent developments, the PRC continues its repression and violence in Tibet, its lethal assistance to the genocidal Khmer Rouge in Cambodia, and also its dangerous missile sales to the Middle East.

We are aware of the PRC's warnings that lifting MFN will likely result in "major regression" of Chinese-U.S. relations. However, we argue that the failure on the part of Beijing to relax its repressive rule has already seriously damaged our relations. While we understand the economic and political benefits of maintaining the status-quo, we hope that you will

The Honorable George Bush
Page 2

take advantage of this opportunity to extract a commitment from the PRC to take positive steps to improve their human rights record. If the Chinese government is unwilling to guarantee an improvement in this area, we urge you to seriously consider not extending most-favored-nation status.

Sincerely,

PHILIP M. CRANE

MEMBER OF CONGRESS
12TH DISTRICT OF ILLINOIS

WAYS AND MEANS
COMMITTEE

SUBCOMMITTEES:
TRADE
(VICE CHAIRMAN)

HEALTH

REPUBLICAN STUDY COMMITTEE
EXECUTIVE COMMITTEE



Congress of the United States
House of Representatives

Washington, DC 20515

OFFICES:
SUITE 1035
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202/225-3711

1450 SOUTH NEW WILKE ROAD
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708/223-3030

ROBERT C. COLEMAN
CHIEF OF STAFF

May 16, 1990

The Honorable George Bush
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

You will soon face a very important decision on whether to recommend to Congress to extend most-favored-nation status to the People's Republic of China. We understand that this will be a very difficult determination for you to make, especially in light of the fact that it must be reached by June 3rd -- the day before the first anniversary of the massacre in Tiananmen Square.

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The continuing suppression of the pro-democracy movement has been especially evident during the past few months. According to the findings of the State Department, there has been an increase in the surveillance of dissidents, political education classes for students, restrictions on overseas study and an increase in the persecution of the Roman Catholic Church and other religious groups. In addition to these more recent developments, the PRC continues its repression and violence in Tibet, its lethal assistance to the genocidal Khmer Rouge in Cambodia, and also its dangerous missile sales to the Middle East.

While China has taken several steps backward in the area of human rights, Taiwan has taken enormous strides toward freedom and democracy. We find it exceedingly difficult to understand why the Administration has allowed the PRC to dictate our policy toward Taiwan. This year Taiwan has applied for GATT membership as a developed country under the name of the Customs Territory of Taiwan, Penghu, Kinmen, and Matsu. By endorsing Taiwan's GATT application we can increase the effectiveness of the GATT

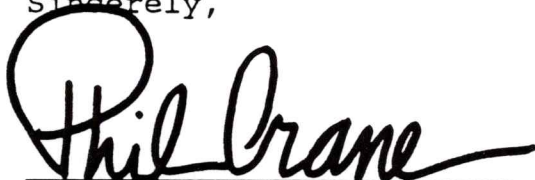
original letter with paragraph which should not have appeared in this chain

The Honorable George Bush
Page 2

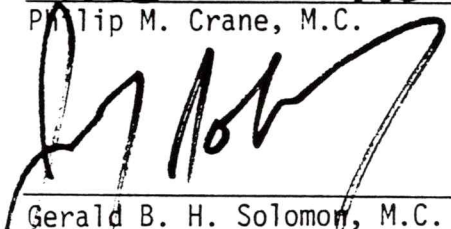
by including the world's thirteenth largest trading nation. At the same time, we will send a message to the PRC that there are costs to ignoring our pleas to practice human kindness.

We are aware of the PRC's warnings that lifting MFN will likely result in "major regression" of Chinese-U.S. relations. However, we argue that the failure on the part of Beijing to relax its repressive rule has already seriously damaged our relations. While we understand the economic and political benefits of maintaining the status-quo, we hope that you will take advantage of this opportunity to extract appropriate concessions from the PRC. If China is unwilling to meet the challenge, we urge you, Mr. President, not to extend most-favored-nation status.

Sincerely,



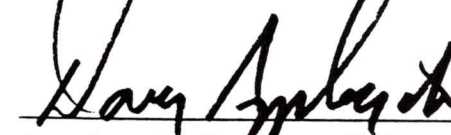
Philip M. Crane, M.C.



Gerald B. H. Solomon, M.C.



Floyd Spence, M.C.



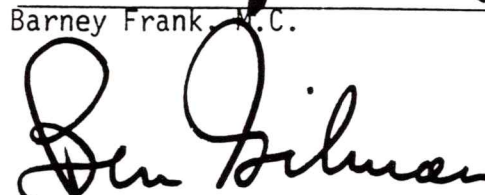
Douglas Applegate, M.C.



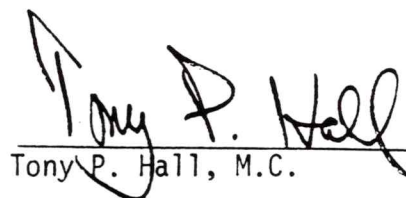
Tim Valentine, M.C.



Barney Frank, M.C.



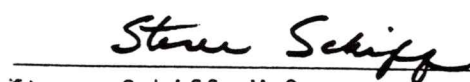
Benjamin A. Gilman, M.C.



Tony P. Hall, M.C.



Edward G. Feighan, M.C.



Steven Schiff, M.C.

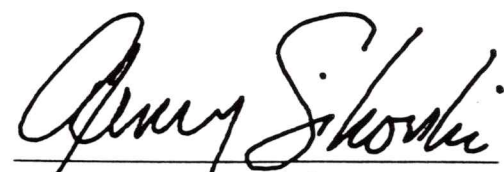

Elizabeth J. Patterson, M.C.

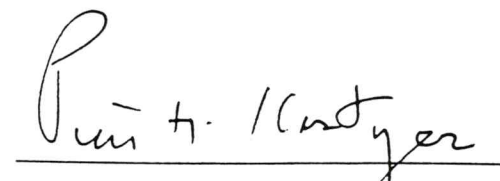

Edolphus Towns, M.C.


Frank R. Wolf, M.C.

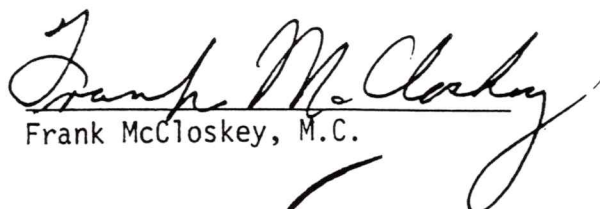

Nancy L. Johnson, M.C.

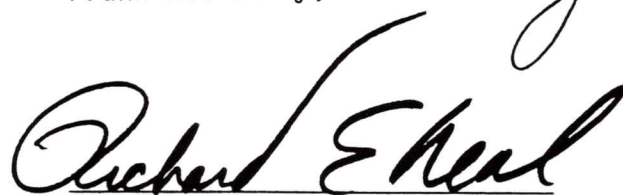

Major R. Owens, M.C.

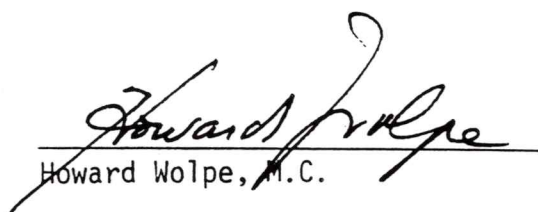

Gerry Sikorski, M.C.

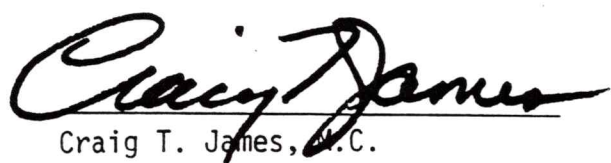

Peter H. Kostmayer, M.C.


Bill Green, M.C.


Frank McCloskey, M.C.

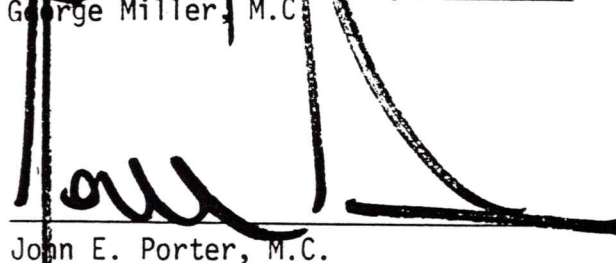

Richard E. Neal, M.C.


Howard Wolpe, M.C.


Craig T. James, M.C.

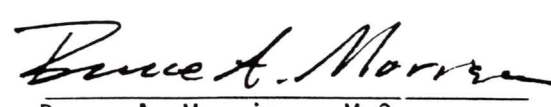

Robert K. Dornan, M.C.

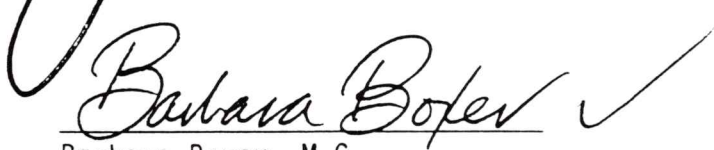

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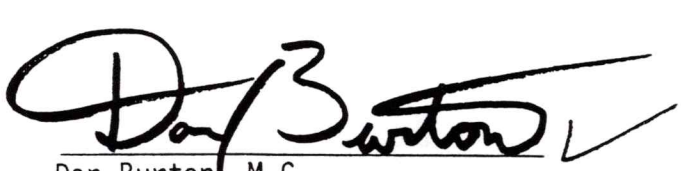

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Louis Stokes, M.C.

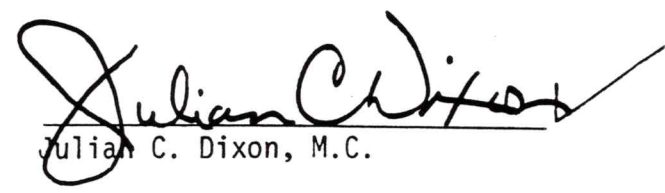

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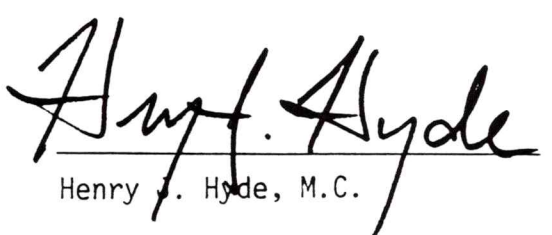

Bruce A. Morrison, M.C.

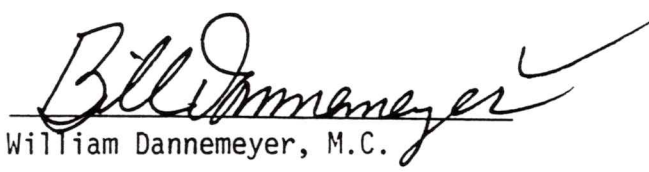

Barbara Boxer, M.C.


Dan Burton, M.C.


Jon L. Kyl, M.C.


Julian C. Dixon, M.C.

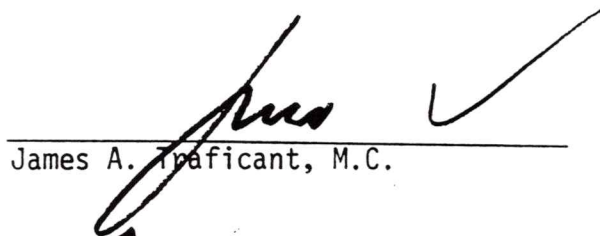

Henry J. Hyde, M.C.


William Dannemeyer, M.C.

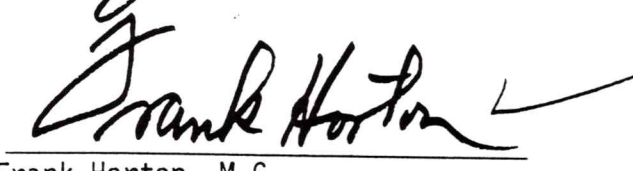

Edward Markey, M.C.


Jim Jontz, M.C.


John M. Spratt, M.C.


James A. Traficant, M.C.


Marilayn Lloyd, M.C.


Frank Horton, M.C.

June 1, 1990

Dear Phil:

Thank you for your recent letter to the President, cosigned by 39 of your colleagues, concerning most-favored-nation trade status for China.

We appreciate being apprised of your views regarding this sensitive issue. Please know that in addition to bringing your concerns to the attention of the President, I have asked his trade and foreign policy advisors to review your comments so that they, too, are aware of your perspective on MFN status for China.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Philip M. Crane
House of Representatives
Washington, D.C. 20515

FDM/SLM/efr (6FDMG)
CHINA.hpf

cc: w/copy of inc to NSC - for Direct Response
cc: w/copy of inc to DOS - FYI

~~SECRET~~
NSC/S PROFILE

RECORD ID: 9007620
RECEIVED: 25 SEP 90 11

CHRON FILE

TO: PRESIDENT

FROM: SCOWCROFT

DOC DATE: 05 OCT 90
SOURCE REF:

KEYWORDS: CHINA P R
KUWAIT

IRAQ
PERSIAN GULF

PERSONS:

SUBJECT: GULF CRISIS & US - CHINA RELATIONS

ACTION: NOTED BY PRES W/ COMMENT DUE DATE: 28 SEP 90 STATUS: C

STAFF OFFICER: PAAL

LOGREF:

FILES: PA NSCP: CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

JACKSON
NSC CHRON
PAAL

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By Cop NARA, Date 5/1/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSMEN

CLOSED BY: NSGLM

DOC 2 OF 2

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Gulf Crisis / US-China
Relations

National Security Council
The White House

PROOFED BY: _____

LOG # 7620

URGENT NOT PROOFED: _____

SYSTEM PRS NSC INT

BYPASSED WW DESK: _____

DOCLOG _____ A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Ken Hill	<u>1</u>	<u>Answer</u>	
Bill Sittmann			
Bob Gates	<u>2</u>	<u>8</u>	<u>(see note)</u>
Brent Scowcroft	<u>3</u>	<u>APNSA Has Seen</u>	
Bill Sittmann			
Situation Room			
West Wing Desk	<u>4</u>	<u>10/9</u>	<u># A</u>
NSC Secretariat	<u>5</u>	<u>10/8</u>	<u>N</u>

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

cc to Scowcroft

DISPATCH INSTRUCTIONS:

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~~SECRET~~

7620

DECLASSIFIED
PER E.O. 13526

2009-1101-MR
4/8/2014 MM

THE WHITE HOUSE
WASHINGTON

October 5, 1990

90 OCT -5 PM 9:05

*Brent
30 p. 2*

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT *BS*

SUBJECT: The Gulf Crisis and U.S.-China Relations

Following our discussion with Ambassadors Han Xu and Zhu Qizhen, I thought it would be useful to take a closer look at the dynamics behind China's response to the Gulf crisis. CIA has prepared a paper taking a relatively detailed look at the foreign policy debate between hardliners and reformers/moderates. It is highlighted for your convenience. (Tab A)

There are some points that deserve emphasis as you look at the paper:

- ✓ -- Li Peng and the hardliners are consistently trying to move China's foreign policy center of gravity farther from the U.S. and the West. Jiang Zemin and Deng Xiaoping are resisting this course.
- ✓ -- Li Peng and the hardliners have vigorously fought making concessions to the U.S. Each effort at a breakthrough (my two trips, the release of Fang Lizhi) evoked strong and immediate opposition internally in China.
- ✓ -- The hardliners ridicule the moderates for producing too little from the U.S. A private channel has told Doug Paal that after Fang Lizhi's departure from China, Li Peng made fun of Jiang Zemin's failure to win new World Bank lending, immediate resolution of the MFN issue, and high level visits.
- ✓ -- Both moderates and hardliners have been very slow to understand U.S. legal constraints, such as on World Bank lending. The visit of Mayor Zhu Rongji helped to get a clearer message back to Beijing.
- ✓ -- The Gulf crisis has exposed the rift in the leadership to public view. The PRC has little choice but to support the UN Security Council resolutions, given the unanimity of world opinion. The moderates are attempting to exploit this situation by urging the U.S. and the West to improve relations. The hardliners are trying to keep a distance from the U.S.

cc: Vice President
Chief of Staff

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Declassify on: OADR

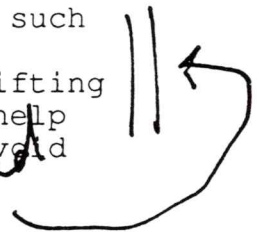
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2

- With power balanced so precariously in Beijing, any efforts by the U.S. to improve relations will be complicated by moderate attempts to oversell your efforts and hardliner demands for greater concessions.
- ✓ The leadership stalemate and overriding need for stability on the streets will make it impossible for Beijing to render concessions to the U.S. that will satisfy the Congress, if Congress can ever be satisfied. The Chinese may be able to release the remaining 350 or so detainees and lift the jamming of VOA -- these steps would be helpful on World Bank lending and other constraints -- but they will also stir controversy here because of their cosmetic nature.

Our best hope lies in moderating our expectations and taking advantage of the current Chinese cooperation on the Gulf (involuntary though it may be) and in Cambodia to improve U.S.-China relations in areas that are not legally constrained, such as higher level contacts and exchanges. This would mean explicitly using the Gulf crisis and Cambodia to justify lifting your sanction against "high-level exchanges." This could help Deng and Jiang move on our other concerns, but we should avoid publicly encouraging such linkage.

I'm interested 

Attachment
Tab A CIA Memorandum

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04b. Report	The Domestic Dynamic in China's Response to the Persian Gulf Crisis [FOIA restrictions redacted] (4 pp.)	9/24/90	(b)(1), (b)(3)	S

Collection:

Record Group: Bush Presidential Records

Office: Scowcroft, Brent, Files

Series: China Chronological Files

Subseries: Post-Tiananmen Files

WHORM Cat.:

File Location: China: Post-Tiananmen (September 1990) [2]

**Document Partially Declassified
(Copy of Document Follows)**

By MM on 6/29/2022

Date Closed: 5/1/2009	OA/ID Number: 91133-002
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2010-2787-MR (502.01)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 2/25/2015

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
- (b)(4) Release would disclose trade secrets or confidential or financial information
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
- (b)(7) Release would disclose information compiled for law enforcement purposes
- (b)(8) Release would disclose information concerning the regulation of financial institutions
- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

~~SECRET~~

(b)(3)

Central Intelligence Agency



Washington, D. C. 20505



DIRECTORATE OF INTELLIGENCE

24 September 1990

The Domestic Dynamic in China's Response to the Persian Gulf Crisis (b)(3)

Summary

A review of China's actions since early August suggests that the deep divisions within the Chinese leadership are affecting Beijing's response to the Middle East crisis. We believe Deng Xiaoping and other party reformers view this crisis as a major opportunity to restore good relations with the West. In contrast, hardliners, personified by Premier Li Peng, are arguing that US power and influence on the world stage are becoming unrivaled and that China must play a strong role in curbing US actions. This hardline position may be as much an attempt to undercut Deng's authority and play to a domestic audience as it is concern over US policies. Thus far, Deng—as the paramount architect of Chinese foreign policy—appears to be maintaining his sway in decisionmaking. But we speculate that assurances—either explicit or implicit—may have been made by Deng and his supporters to the rest of the leadership that China's cooperation with the West in the United Nations on the Gulf will lead to an easing of sanctions imposed on China in the wake of the Tiananmen Square crackdown. If China is unable to secure this objective, hardliners are likely to intensify their criticism of Deng and his foreign policy line. (b)(3)

This memorandum was prepared by China Division, Office of East Asian Analysis. Information available as of 21 September 1990 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, China Division, OEA, (b)(3)

(b)(3)

EA M 90-20116

(b)(3)

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DECLASSIFIED IN PART
PER E.O. 13526

2013-1846-MR

MM 2/25/2015

An Extended Assault on Deng's Western Tilt

Over the past year, Premier Li Peng—who, as head of the State Council foreign policy group, is ostensibly in charge of formulating foreign policy—has argued for a reorientation of Beijing's foreign policy to place less emphasis on strong relations with the United States and the West. Since early July, for example, Li Peng has repeatedly warned publicly about the danger of "new hegemonism"—an apparent reference to fears that US power and influence have become unbridled as Soviet global reach wanes and that Washington will use this ascendancy to impose Western ideology on China and other states. In his speech to the standing committee of the National People's Congress on 28 August, Li went a step further in his rhetoric arguing that improved US-Soviet relations are having a negative effect on global stability and are leading to "turbulence". (b)(3)

Li Peng's sharp attacks on the West appear to be attempts to appeal to the xenophobic strains in the Chinese political leadership and as backhanded questioning of Deng Xiaoping's leadership and strategic vision. We believe these attacks also represent pique by the hardliners at what they perceive as a lack of US willingness to lift economic and military sanctions on China after Beijing ended martial law and released Fang Lizhi in June. They are thus implied criticisms of Deng and his lieutenants for being overly accommodating to the West. (b)(3)

Deng—who over the past decade has controlled foreign policy and made its cornerstone the opening to the West—has largely eschewed this hardline. Recent public foreign policy statements show that, while hardline elders Chen Yun and Peng Zhen have echoed Li Peng's sentiments on the dangers of Western ideological hegemonism,¹ Deng and his reform allies have not joined publicly in charging the United States with "new hegemonism" or "peaceful evolution." 1.4(c); 1.4(d); (b)(3)

Signs of Chinese Disunity on the Gulf

A review of Chinese behavior and intelligence reporting since Iraq invaded Kuwait on 2 August suggests to us that these internal differences have contributed to inconsistency and confusion in China's policy. On 3 August, immediately following the Iraqi invasion, *China Youth News*—controlled by hardliners—blamed the United States for stirring up tensions in the Gulf and attempting to split the

¹ On 16 September, China's *People's Daily* published a speech delivered by Communist Party elder Peng Zhen on 27 June in which he leveled a particularly sharp attack on the West. Peng said, "we have to thank the Voice of America, thank dead Dulles and the Dulleses still alive who work at peaceful evolution here, and also thank those few national degenerates who have foreign contacts and who are pawns of the imperialist peaceful evolution." He also alleged that "the imperialists" will never change their strategy of "peaceful evolution" toward the socialist countries. (b)(3)

Arab camp.

1.4(c); 1.4(d); (b)(3)

There are similarly subtle, and meaningful, differences in how Chinese leaders discuss the deployment of Western troops to the Middle East. On 8 August, in reacting to President Bush's announcement that US forces would be dispatched to Saudi Arabia, Li Peng traveling in Indonesia asserted that Saudi Arabia had the right to do what it needed for "self-defense" but that China, in principle, opposed military intervention by any major power because it "may further complicate the problem." Although other Chinese leaders have since echoed this opposition to major power intervention, none--except Foreign Minister Qian and other direct subordinates of Li Peng in the Foreign Ministry--have chosen to take the additional shot at Western policy implied by claims that major power involvement inflames the situation.

1.4(c); 1.4(d); (b)(3)

the next day, a Beijing-controlled Hong Kong newspaper contradicted the standard Foreign Ministry formulation on the situation and warned that Baghdad would be responsible for any escalation of the crisis. Foreign Ministry positions previously had been warning of the dangers of rash US action.

Since 25 August, we continue to see differences in the approach of Deng's allies and hardliners to the Gulf crisis. On 20 September, President Yang Shangkun and Premier Li Peng, during separate meetings in Beijing with Saudi Foreign Minister Faisal, expressed strikingly different perspectives on the situation. According to Chinese press reports, President Yang emphasized the withdrawal of Iraqi troops from Kuwait as the basis for resolving the crisis and voiced understanding for the "measures" taken by Saudi Arabia and its neighbors to ensure their security. In contrast, Li Peng emphasized the need for a peaceful settlement to the crisis and made no statement of understanding of the need for the deployment of multinational military forces to the region.

(b)(3)

Implications

We believe China's handling of the Gulf crisis reflects a behind-the-scenes effort by Deng Xiaoping and reformers to moderate hardline inclinations to create a sharp distinction between the positions of China and the United States. Deng's purpose is probably threefold: to ensure that, through Li Peng, hardliners do not steal the march in foreign policy; to protect his authority and not allow his opponents to chip away at his strategic vision; and to build goodwill with the United States and the West so that relations can continue to normalize. (b)(3)

At the same time, we believe that China's stance on the crisis would not be markedly different if Deng and the reformers had free rein. Even under the best of circumstances, for example, it is highly unlikely that China would fully endorse the deployment of Western forces to the region. Beijing would probably be less vocal in its opposition to US actions, however, if Deng had uncontested control. It has long been a tenet of Chinese policy to oppose one country's intervention in another's affairs because of the implications this would have for foreign intervention in China. Moreover, Deng no doubt shares hardliner concerns about what they see as growing US dominance in the international political arena. (b)(3)

Given the current domestic struggles within the leadership, we believe Deng and the reformers cannot risk being perceived as bending too far to accommodate the United States; thus Chinese policy on the Gulf will continue to be marked by mixed signals. This is particularly true of the current period running up to the critical party plenum in late October or November at which, according to Hong Kong press reports, Deng hopes to have former party General Secretary Zhao Ziyang exonerated of charges that he was responsible for last year's turmoil.² (b)(3)

Finally, we speculate that assurances—either explicit or implicit—may have been made by Deng and his supporters to the rest of the leadership that China's cooperation with the West in the United Nations on the Gulf will lead to an easing of sanctions imposed on China in the wake of the Tiananmen Square crackdown. (b)(3)

1.4(c) recent statements by Chinese diplomats that the United States and other Western countries "owe" China on the Gulf suggest this. In this regard, the Chinese appear focused on the liberalization of World Bank lending and unconditional renewal of Most-Favored-Nation status. If China is unable to secure these objectives, hardliners are likely to intensify their criticism of Deng and his foreign policy line. (b)(3)

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 25, 1990

*Retype
p2. [initials]*

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: KARL JACKSON *ZSJ*

FROM: DOUGLAS PAAL *DP*

SUBJECT: The Gulf Crisis and U.S.-China Relations

Last week we briefly discussed the need for a close look at China's position on the Gulf crisis and the implications for U.S.-China relations. I asked FBIS and CIA to provide analyses. The CIA paper is in the more presentable form and is attached to a memorandum for the President on the subject.

This package is intended primarily for you, but is in the form of a memorandum for the President should you wish to show it to him.

RECOMMENDATION

That you sign the memorandum for the President at Tab I.

Attachments

Tab I Scowcroft/President Memorandum
Tab A CIA Memorandum

cc: R. Haass

~~SECRET~~

Declassify on: OADR

~~SECRET~~

DECLASSIFIED
PER E.O. 12958,
AS AMENDED

2000-0116-F11

① 3131110