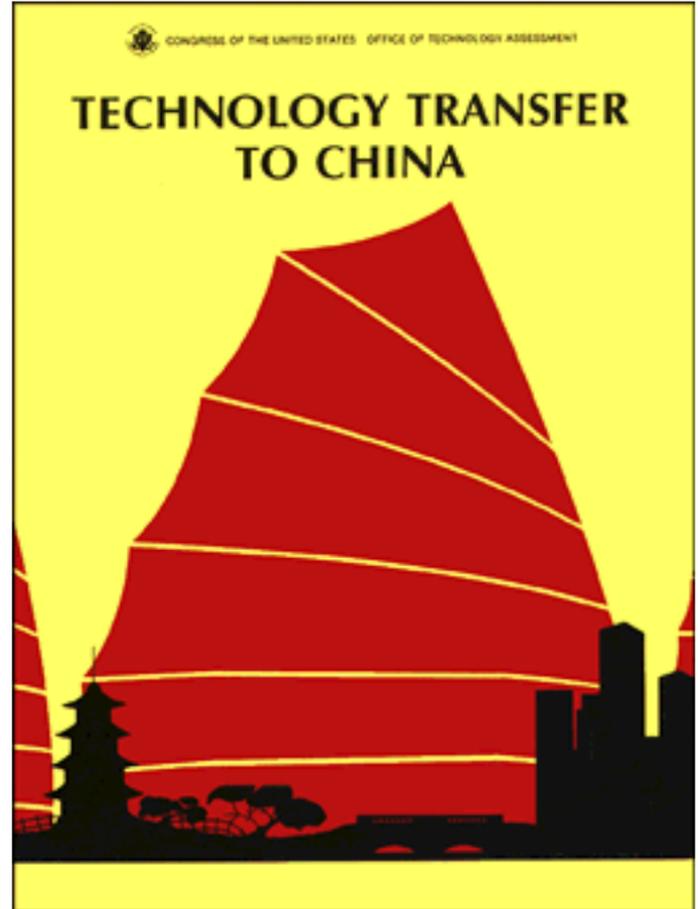


Technology Transfer to China

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Foreword

Momentous changes continue to occur in China. The high priorities now accorded economic modernization and improved global relationships present a sharp contrast to the years of the Cultural Revolution and earlier. Yet there is great uncertainty over China's future course. China may be a constructive trading and strategic partner, or it may choose a more divergent path. U.S. decisions on technology transfer will be an important determinant of which path is followed and the implications for the world.

This report responds to requests from the House Committee on Energy and Commerce and the Senate Committee on Banking, Housing and Urban Affairs for an assessment of the economic and strategic implications of technology transfer to the People's Republic of China and of Congressional actions that would affect it. In addition, the Senate Select Committee on Intelligence endorsed the study request.

The first phase of this study focused on energy. A Technical Memorandum, *Energy Technology Transfer to China*, was released in September 1985, and proved useful in the Congressional debate on the nuclear cooperation agreement.

This document analyzes the factors in China that affect technology transfer and will be affected by it. The experiences of U.S. and foreign companies in the China market are described. We discuss the evolution of China's economy, polity and foreign policy, and how different expectations suggest different policies for the U.S. Government.

In the course of this assessment, OTA drew on the experience of many organizations and individuals. We appreciate the assistance of the project contractors who prepared much of the background analysis, the U.S. Government agencies and private companies who provided much valuable information, the Chinese institutions which facilitated the visits of our researchers, the project's advisory panel and workshop participants who provided guidance and review, and the many additional reviewers who helped ensure the accuracy and objectivity of this report.



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Institutes

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