

China's Proliferation Practices and the North Korean Nuclear Crisis

Excerpts of prepared statement of Paula A. Desutter, Assistant Secretary of State For Verification and Compliance at Hearing before the U.S.-China Economic and Security Review Commission on July 24, 2003

“As we concluded in the most recent Noncompliance Report submitted to Congress, ‘Chinese state-owned corporations have engaged in transfer activities with Pakistan, Iran, North Korea, and Libya that are clearly contrary to China’s commitments to the U.S.’ The report further noted that these ‘actions call into serious question China’s stated commitment to controlling missile proliferation.’”

“China made its first missile nonproliferation commitment to the United States in March 1992. This commitment was the direct result of the United States’ imposition of sanctions in June 1991 on two Chinese entities—the China Great Wall Industry Corporation (CGWIC) and the China Precision Machinery Import-Export Corporation (CPMIEC)—in connection with the sale of M-11 missiles to Pakistan. In return for the U.S. ending sanctions on these two entities, China provided a written commitment in March 1992 to then-Secretary of State Baker that it would abide by the original ‘Guidelines and Parameters’ of the Missile Technology Control Regime (MTCR), which the United States publicly stated were indeed applicable to both the M-9 (CSS-6) and M-11 (CSS-7) missiles. Despite this commitment, Chinese entities transferred M-11 missiles to Pakistan. In response to U.S. complaints, China indicated that the M-11 missile was not covered by the MTCR and that it was still fully adhering to its 1992 pledge.”

“In 1993, the United States imposed sanctions on the Chinese Ministry of Aerospace Industry, CPMIEC, and the Pakistani Ministry of Defense for their roles in the transfer. In return for the lifting of these 1993 sanctions, China agreed in October 1994—in a Joint Statement with the United States—that it would not transfer ground-to-ground missiles ‘inherently capable of reaching a range of at least 300 km with a payload of at least 500 kilograms.’

Nevertheless, in the years following this 1994 commitment, Chinese entities continued their missile-related sales to Pakistan and provided significant assistance to Iran and Syria in contravention of their commitments to the United States.”

“All of these problems with China’s implementation of its commitments are underscored by the continuing problem of business-as-usual proliferation by Chinese companies dubbed ‘serial proliferators.’ On numerous occasions, we have expressed our concerns about these entities to the Chinese government and have asked Beijing to subject exports by these serial proliferators to persistent and close scrutiny.

Despite these efforts, however, the Chinese government has failed to halt transfers of missile-related items from these notorious Chinese proliferators to countries such as Iran. Take, for example, the China North Industries Corporation, known as NORINCO. For

some time, we have been alerting the Chinese government to our concerns about the activities of NORINCO. Nonetheless, the Chinese government appears to have taken no action to halt NORINCO's proliferant behavior. In the face of apparent Chinese inaction, therefore, the Administration has sanctioned NORINCO twice this year, once in May and once this month.

This serial proliferator problem, however, isn't limited to just NORINCO. Another example of a serial proliferator that has not been reined in by China is CPMIEC. The United States sanctioned CPMIEC or its parent organization in 1991, 1993, 2002 and 2003, for missile-related transfers to Iran and Pakistan."

"The PRC signed the Nuclear Non-Proliferation Treaty (NPT), the Biological Weapons Convention (BWC), and the Chemical Weapons Convention (CWC). It made missile nonproliferation commitments in 1992, 1994, 1998, and 2000. Last year the Chinese government also promulgated formal missile export and dual-use chemical and biological agent regulations.

Regrettably, however, China has failed to fulfill these promises. Chinese firms and individuals continue to be prime exporters of missile technology to several countries, including rogue states; China continues to maintain both chemical and biological weapons programs. Chinese entities' transfers of dual-use chemical agents and technologies and equipment that can be used in chemical weapons programs—and the lack of Chinese government enforcement of the regulations meant to stop them—remain of deep concern to the United States."