

“China’s Proliferation Practices and its Role in the North Korea Nuclear Crises”

**Prepared Statement of
The Honorable Peter W. Rodman
Assistant Secretary of Defense for International Security Affairs
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Introduction

Mr. Chairman, distinguished members of the Commission, I would like to thank you for the opportunity to speak about China’s proliferation practices and its role in the North Korean nuclear problem. These issues are important to U.S. defense and security policy, with implications not only in the Asia-Pacific region but globally. I commend the Commission for its interest in this issue.

China’s Proliferation Practices

Mr. Chairman, the proliferation of weapons of mass destruction (WMD) and their delivery systems is one of the foremost security concerns of the U.S. Government. We have long been concerned about the destabilizing effects of such proliferation, in classical geopolitical terms, especially if such weapons should fall in the hands of dangerous, hostile regimes. Today, one of our top priorities is also to ensure that such weapons do not fall into the hands of terrorist organizations or states that sponsor them and might transfer such weapons to them. Needless to say, such proliferation adds to the dangers that such weapons could be used against Americans.

Working with China to improve its non-proliferation record is an important dimension of our non-proliferation policy; it is also one of the most important features of our bilateral relationship with China. Over the past several years, Beijing has improved its non-proliferation posture through commitments to respect multilateral arms export control lists, promulgation of export controls, and strengthened oversight mechanisms. These commitments are steps in the right direction. We believe, however, that China needs to do more to curtail proliferation and to fully implement and enforce export controls to meet international standards. The President’s goal is to see a prosperous and successful China that is a constructive participant in and contributor to a peaceful international order. The issues that we are discussing are a crucial element of that.

The fact remains, however, that Chinese entities today remain key sources of transfers of arms, WMD- and missile-related equipment and technologies, including dual-use technology and related military capabilities, to countries of concern. Despite Beijing's pledges, for example, Chinese entities remain involved with the nuclear and missile efforts of Iran and Pakistan, and remain involved with chemical efforts in Iran. We do not understand why Beijing has not halted proliferation by its companies. We hope that that it will come to the calculation that its best strategic interest lies in enforcing international non-proliferation norms.

The U.S. Government has imposed sanctions on more Chinese entities, including quasi-governmental entities, for proliferation activities than on entities in other countries combined. The United States has imposed sanctions over sixty times on over a dozen different Chinese entities for the transfer of WMD, missile, advanced conventional weapons and related dual-use goods and technologies. These proliferators include quasi-governmental organizations such as North China Industries Corporation (NORINCO) and the China Precision Machinery Import/Export Corporation (CPMIEC), private businesses like Zibo Chemical, and individuals such as Q.C. Chen. Our sanctions prohibit U.S. entities from engaging in business activities with the sanctioned entities. However, many of the sanctioned entities have continued their proliferation activities.

Let me briefly review some of our specific concerns with China's policies as they relate to the transfer of sensitive nuclear and chemical materials and technologies, as well as ballistic-missile and conventional weapons proliferation, and their related dual-use goods and technologies.

Nuclear Weapons

In the nuclear area, China has for several years had in place comprehensive export controls in the nuclear area. While these controls are identical to the Nuclear Suppliers' Group trigger list and dual-use annex, we remain concerned that weak enforcement could allow continued sales of items useful to nuclear programs in countries of concern.

We welcome China's entry last May into the Nuclear Suppliers Group and we look forward to China's establishment of a good track record of participation. However, we have some concerns. When China joined the NSG, it "grandfathered" four nuclear activities with Pakistan. The number of "grandfathered" projects was more than we had anticipated. Pakistan, as a country, does not have full-scope safeguards. The "grandfathering" of these activities may still permit the possibility that peaceful nuclear technology could be illicitly transferred to Pakistan's nuclear weapons program.

While Pakistan is a friend of the United States as well as of China, it is well known that we have always strongly opposed Pakistan's nuclear weapons program.

Beijing has made two bilateral pledges to the United States. In May 1996, Beijing pledged not to provide assistance to unsafeguarded nuclear facilities. In October 1997, China pledged not to engage in any new nuclear cooperation with Iran and to complete work on two remaining nuclear projects – a small research reactor and a zirconium production facility – in a relatively short period of time. Despite these assurances, we remain concerned that nuclear-related interactions are continuing between Chinese and Iranian entities.

One of China's top military priorities is to strengthen and modernize its strategic nuclear deterrent force by increasing its size, accuracy and survivability. Warhead improvements will complement China's missile modernization effort. This is in itself a matter of concern to us. But as China improves its own nuclear weapons and missile programs, it could also proliferate technical improvements and know-how to third countries. We would like to be reassured that this will not happen.

Ballistic Missiles

China has made similar non-proliferation pledges with respect to ballistic missiles that could be used to deliver nuclear and chemical weapons. Enforcement is lacking, however, thereby allowing continued assistance to foreign programs.

China is not a member of the Missile Technology Control Regime (MTCR) but on several occasions has pledged not to sell MTCR Category I surface-to-surface systems. Despite this pledge, proliferation of ballistic missile-related items continues via Chinese entities including some entities affiliated with the Chinese government.

Chinese entities continued to work with Iran and Pakistan on ballistic missile-related projects as recently as 2003:

- Assistance from Chinese entities has helped Iran move toward its goal of becoming self-sufficient in the production of ballistic missiles.
- Firms in China have provided dual-use missile-related items, raw materials, and/or assistance to several other countries of proliferation concern, such as Libya and North Korea.
- Assistance from Chinese entities has helped Pakistan move toward domestic serial production of solid-propellant short-range ballistic missiles and supported Pakistan's development of solid-propellant medium-range ballistic systems.

Chemical Weapons

Since 1997, the U.S. Government has also imposed numerous sanctions against Chinese entities for providing material support to the Iranian CW program. In October 2002, in part responding to international pressure, China updated chemical-related regulations to mirror the Australia Group-controlled chemicals not covered by the Chemical Weapons Convention (CWC). However, here too Chinese enforcement procedures have yielded mixed results.

Since that time, we have continued to find cause to sanction several Chinese entities for export of chemical weapons-related chemicals and equipment to CW programs in countries of concern, including Iran.

Conventional Weapons Transfers

In addition, we continue to have serious concerns over China's track record as it pertains to the proliferation of conventional weapons technologies, small arms, and ammunition. China's practices in this regard can contribute to a more lethal threat environment for U.S. and coalition forces deployed in zones of conflict. This is especially disconcerting in terms of Man-Portable Air Defense systems (MANPADS), which pose a unique threat to civilian and military aircraft. We must ensure that China is aware of our concerns and explore options to work bilaterally or multilaterally with China to ensure greater restraint in its arms export practices, including production licensing of Chinese systems.

Implications for Regional Security

Mr. Chairman, as I have noted, China is taking steps to improve its export controls. There are a variety of likely reasons for this, including China's own desire to be seen as a responsible global actor, and also a growing recognition on the part of China's leaders of the potential negative consequences of secondary proliferation. Undoubtedly, the pressure of the international community reinforces these motives.

Therefore, the U.S. Government, and our allies and friends in the region, will continue to press China to make further progress. Continuing proliferation assistance to countries such as Iran, North Korea and Pakistan could contribute to destabilizing military capabilities, regional arms races, and/or increased risk of conflict. We doubt that it is China's intention, but the fact remains that continuation of proliferation could increase the risk of these types of weapons falling into the hands of terrorists.

China's Role in the North Korean Nuclear Issue

Mr. Chairman, I understand that this Commission is also interested in China's role in the North Korean nuclear issue. The United States, as you know, remains committed to the Six-Party Talks and is willing to discuss any issue within that framework. However, we will not "negotiate" the terms of the next round of the Talks, nor will we reward the DPRK for the bad behavior that has given rise to this diplomacy in the first place.

During the third round of the Six-Party Talks in June 2004, the United States put forward a proposal to secure the dismantling of all of the DPRK's nuclear programs. The DPRK has not responded to our proposal or even given us an opportunity to respond to any questions they may have about them.

We, as well as our partners -- Japan, South Korea, China, and Russia -- have called upon the DPRK to return to the Talks. If we are to take seriously the DPRK's assertions that it is truly interested in dismantling its nuclear programs, then the DPRK at a minimum should return to the Talks without preconditions and engage in a dialogue on the issues.

China has clearly played a key role in organizing the Talks, pressing the DPRK to participate, and in providing a venue. We appreciate that important contribution that Beijing has made. Nevertheless, we believe that China, as the country with the most leverage over the DPRK, can and must do more than simply secure the DPRK's attendance at another round of Talks. It bears a major responsibility to help secure meaningful concessions from the DPRK in order to achieve what is the stated common objective of all Parties: a nuclear weapons-free Korean Peninsula.

The most recent statement from Pyongyang that it has manufactured nuclear weapons should remove any doubt in Beijing's mind as to North Korea's nuclear ambitions and intent. China needs to recognize that allowing the DPRK to maintain its nuclear weapons program is bad for China, and bad for Northeast Asia; it will have a ripple effect throughout Asia as other nations attempt to adjust their military capabilities to defend against the dramatically increased North Korea threat. This cannot be China's desired outcome any more than it is ours.

Thank you, Mr. Chairman.