

**Statement by Representative Edward J. Markey (D-MA)**  
**Hearing on China's Proliferation Policies and Practices**  
**March 10, 2005**

Good morning. I would like to thank the U.S.-China Commission for the opportunity to discuss China's proliferation record.

What we know about China's record on nonproliferation is deeply troubling. During the 1990s, it is reported to have transferred 5000 ring magnets that could be used in uranium gas centrifuges, along with a special industrial furnace, high-tech diagnostic equipment that was reportedly used by the Pakistanis in developing their nuclear weapons capabilities. The Chinese also assisted Pakistan in building a nuclear reactor at Chashma and reportedly, an unsafeguarded plutonium-producing reactor at Khusab. These efforts led the CIA during the 1990s to conclude that the People's Republic of China was the "principal supplier" of the Pakistani nuclear weapons program.

More recently, China has continued to assist Pakistan's nuclear program, including signing a contract to build a second nuclear power plant at Chashma, right before becoming a member of the Nuclear Suppliers Group (NSG) in May 2004. The timing allowed China to continue to provide nuclear assistance to an unsafeguarded facility in Pakistan even though members of NSG are prohibited from taking part in such transactions because the deal to Pakistan was signed before China became an official member of NSG. Also in 2004, the Bush Administration imposed sanctions on Chinese entities for providing Iran with "unspecified prohibited items."

According to the Congressional Research Service, on 14 occasions, the Bush Administration has imposed sanctions on various Chinese entities for transfers relating to ballistic missiles, chemical weapons, and cruise missiles to Pakistan and Iran.

The sale of arms and nuclear equipment and technology is top on China's list of imports, and we see that Europe is increasingly willing to accommodate China's needs with the EU moving to lift the embargo on arms exports to China.

At the same time, the Bush Administration appears to be assisting nuclear exporters who do not want to miss out on their piece of the nuclear power market in China. Westinghouse Electric Corporation reportedly wants to sell China four of its most advanced nuclear reactors. The total value of this deal is estimated at \$10 billion. The American people are being asked to cover half of the risk of this venture, with the Export-Import Bank approving a \$5 billion loan for the Westinghouse deal.

I question why U.S. taxpayers should be supporting this deal when Westinghouse Electric is owned by the British Nuclear Fuels (BNFL). I also think we need to consider just who these reactors being sold to. The proposed recipient of is none other than China National Nuclear Corporation (CNNC) – the same entity that supplied the A.Q. Khan Research Laboratory in Pakistan with the 5,000 ring magnets; the same company that sold Pakistan

a “special industrial furnace” and the same company that reportedly sold other “high-tech diagnostic equipment” to unsafeguarded nuclear facilities in Pakistan.

The bottom line is that China has been a serial proliferator.

Imposing sanctions against Chinese companies while at the same time rewarding China with U.S. government subsidies for new nuclear reactor construction inside of China does not make sense. How can we be sure that these technologies don’t also end up in Pakistan or some other would be proliferators, such as Iran? The Administration needs to step its pressure on PRC and not bow down to the nuclear industry. We should not be providing Export-Import bank loans, or other subsidies to construct these reactors in China.

Thank you for the opportunity to discuss these important issues with you this morning.