

Updated October 3, 2024

## China: Nuclear and Missile Proliferation

The U.S. government has for decades expressed concerns about China's proliferation of nuclear- and missile-related technologies to other countries, with more recent focus on the threat of Chinese acquisition of U.S.-origin nuclear technology. (See CRS In Focus IF11050, *New U.S. Policy Regarding Nuclear Exports to China*, by Paul K. Kerr and Mary Beth D. Nikitin.) Official U.S. government sources indicate that the Chinese government has ended its direct involvement in the transfer of nuclear- and missile-related items, but China-based companies and individuals continue to export goods relevant to those items, particularly to Iran and North Korea. U.S. officials have also raised concerns about entities operating in China that provide other forms of support for proliferation-sensitive activities, such as illicit finance and money laundering.

### Background

China did not oppose new states' acquisition of nuclear weapons during the 1960s and 1970s, the Department of State wrote in a declassified January 1998 report to Congress. According to a 1983 National Intelligence Estimate (NIE), China had exported "nuclear materials since 1981" that were not subject to International Atomic Energy Agency (IAEA) safeguards. Beijing did so "mainly to earn hard currency," the estimate assesses, explaining that the

Chinese became aware in 1979 that they had insufficient resources for their initially grandiose modernization program and that they needed to generate more revenue through expanded foreign trade. Accordingly, the State Council directed its subordinate ministries in late 1979 to begin selling surpluses.

Consequently, according to the NIE, Beijing ended its "abstention from commercial trade in conventional arms and nuclear materials." During the 1980s and 1990s, China transferred nuclear and missile technology to other countries' weapons programs. China provided assistance to Pakistan's nuclear weapons program and engaged in nuclear cooperation with Iran. Beijing exported missiles to Pakistan, Saudi Arabia, and Iran. (For more information, see CRS Report RL33192, *U.S.-China Nuclear Cooperation Agreement*, by Mark Holt, Mary Beth D. Nikitin, and Paul K. Kerr.)

According to U.S. government reports and official statements, China significantly curtailed its nuclear- and missile-related transfers during the 1990s; Beijing also committed to improving the government's export controls. For example, the above-cited 1998 State Department report notes China's 1996 pledge to refrain from assisting unsafeguarded nuclear facilities, Beijing's 1997 changes to

Chinese nuclear export policy, and other Chinese nonproliferation efforts.

The United States has extensive nuclear cooperation with China, which is governed by a civil nuclear cooperation agreement, renewed in 2015. (See CRS Report RL33192, *U.S.-China Nuclear Cooperation Agreement*.) The above-described changes in Chinese behavior took place after the two governments concluded their first nuclear cooperation agreement in 1985. Laws subsequently adopted by Congress required, as a condition for U.S. implementation of the agreement, the President to submit to Congress certain nonproliferation-related certifications, as well as a report about Beijing's "nonproliferation policies and practices." President William Clinton stated in a January 1998 letter to Congress that China had "made substantial strides in joining the international nonproliferation regime, and in putting in place a comprehensive system of nuclear-related, nationwide export controls," since concluding the 1985 agreement.

Beijing acceded in 1992 to the Nuclear Nonproliferation Treaty (NPT) as a nuclear-weapon state (NWS) and has voluntary IAEA safeguards on its civil reactors. The treaty defines NWS as those that exploded a nuclear weapon or other nuclear explosive device prior to January 1, 1967: China, France, Russia, the United Kingdom, and the United States. All other NPT states-parties are nonnuclear-weapon states. According to the treaty, a NWS is not to transfer nuclear weapons to "any recipient whatsoever" or to "in any way ... assist, encourage, or induce any" nonnuclear-weapon state "to manufacture or otherwise acquire nuclear weapons."

China is also a participant in the Nuclear Suppliers Group (NSG)—a multilateral control regime for nuclear-related exports. The Missile Technology Control Regime (MTCR) performs an analogous function for missiles and related items. China is not an MTCR partner but has agreed to adhere to the regime's export guidelines.

The Chinese government has continued to express support for the international arms control and nonproliferation regime. Fu Cong, Director General of the Department of Arms Control of China's Ministry of Foreign Affairs, stated during a December 2020 conference that "China is ready to enhance non-proliferation policy exchanges and cooperation with all countries." More recently, China's Ambassador for Disarmament Affairs Shen Jian declared in an August 26, 2023, statement to the Conference on Disarmament that China "will join hands with other delegations to preserve and strengthen existing multilateral arms control, disarmament and Non-Proliferation institutions."

## Current Proliferation Concerns

As noted, official U.S. government reports indicate that the Chinese government has ceased direct involvement in nuclear-related proliferation and transfers of complete missile systems. However, Chinese entities have continued to engage in proliferation, according to the U.S. government, which has also repeatedly expressed concerns with regard to weaknesses in China's export control system. According to a 2019 Department of State report regarding governments' compliance with nonproliferation and arms control agreements, "Chinese entities" continued in 2018 "to supply MTCR-controlled items to missile programs of proliferation concern, including those in Iran, North Korea, Syria, and Pakistan." More recently, the United States during 2022 "raised a number of cases" with Beijing concerning Chinese entities' missile-related transfers "to programs of concern," according to the 2023 version of the same report, which added that, despite U.S. requests for China to "investigate and put a stop to such activities, most of these cases remain unresolved." The 2024 edition of the report does not address the issue.

According to a different 2024 State Department report, Chinese "firms and individuals" during 2023 "worked to supply technology and equipment that could be used to develop weapons of mass destruction (WMD) and their missile delivery systems to programs of concern," including programs in North Korea, Iran, and Pakistan. The United States "has continued to engage" Beijing "on proliferation cases involving transfers of sensitive technology from or through" the country "to programs of concern," the report adds.

During the past several years, the United States has sanctioned China-based entities and individuals for proliferation-related activities:

- On September 12, 2024, the State Department announced sanctions on a Chinese entity for assisting Pakistan with procuring for Pakistan's ballistic missile program equipment used to test "large diameter rocket motors." The same notice also announced sanctions on three China-based entities and a Chinese individual for unspecified "ballistic missile proliferation activities."
- On April 19, 2024, the State Department announced sanctions on three China-based entities for supplying "missile-applicable items to Pakistan's ballistic missile program."
- On October 20, 2023, the State Department announced sanctions on three China-based entities for working to supply "missile-applicable items to Pakistan's ballistic missile program."
- On June 6, 2023, the Department of the Treasury imposed sanctions on several Chinese entities for procuring items for use in Iran's ballistic missile program.
- On October 3, 2022, the U.S. government imposed sanctions on a Chinese company and a Chinese individual for transferring controlled weapons technology to Iran, North Korea, and/or Syria.
- On January 21, 2021, the State Department announced sanctions on three Chinese entities for unspecified "missile technology proliferation activities."

Regarding government involvement in these sorts of transfers, former Deputy Assistant Secretary of State Vann Van Diepen told *Politico* in 2017 that, even if the transfers are not directly state-sponsored, "China hasn't devoted the priority, effort, or resources to thwart" such activity, adding that "when that continues to be the case over 20 years, even when they have been criticized, over time it becomes a choice."

In addition to the above-described activities, China is helping Saudi Arabia construct facilities for possible uranium production, according to press reports. When asked about the topic during a September 2020 Senate Committee on Foreign Relations hearing, then-Under Secretary of State for Political Affairs David Hale declined to provide any information, citing classification concerns.

U.S. officials have described other concerns with regard to Chinese proliferation behavior, such as money laundering, the provision of illicit financial services, and China-based entities' illegitimate procurement. According to a 2018 Department of the Treasury report, "Chinese entities and individuals" have engaged in proliferation financing activities "for the benefit of" Iranian and North Korean WMD programs. Then-Deputy Assistant Secretary of State Alex Wong asserted in November 2020 that "China hosts no less than two dozen North Korean WMD and ballistic missile procurement representatives and bank representatives."

The Department of the Treasury sanctioned two North Korean nationals "involved in the procurement of equipment and materials" to support North Korea's ballistic missile program, according to a June 15, 2023, announcement, which added that Pyongyang "continues to utilize a network of representatives" in China and other countries to obtain "restricted components necessary to conduct research and development" for North Korea's WMD programs. On July 24, 2024, the Department of the Treasury imposed sanctions on a network of China-based individuals and entities "involved in the procurement of items supporting" North Korea's ballistic missile and space programs.

China's construction of five civil nuclear reactors in Pakistan's Chashma Nuclear Power Generating Station has been another source of congressional concern. The United States argues that only the first two Chinese reactor projects are consistent with Beijing's NSG commitments; China and Pakistan concluded contracts for these reactors before China's 2004 NSG accession. IAEA safeguards agreements are in force for all China-built power reactors in Pakistan, but NSG guidelines prohibit such projects in a state, such as Pakistan, that lacks IAEA safeguards on all of the country's nuclear facilities.

NSG members agreed in 2004 to "grandfather" only ongoing Chinese reactor projects in Pakistan, then-Assistant Secretary of State Thomas Countryman said during a May 2015 Senate Foreign Relations Committee hearing. "However, there was not agreement that that was an open-ended clause," Countryman explained, adding that additional Chinese-supplied reactors are "not consistent with the [NSG] rules."

**Paul K. Kerr**, Specialist in Nonproliferation

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.