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**Special National Intelligence Estimate, SNIE
13/32-83, 'Chinese Policy and Practices Regarding
Sensitive Nuclear Transfers'**

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Summary:

With nuclear proliferation a policy priority for the Jimmy Carter administration, and Pakistan already a special concern, the possibility that China and Pakistan were sharing nuclear weapons-related information began to worry US government officials. These concerns did not go away during the Reagan administration. While nuclear proliferation was not a top priority, the administration was apprehensive about the implications of the spread of nuclear capabilities and that China may have been aiding and abetting some potential proliferators by selling unsafeguarded nuclear materials.

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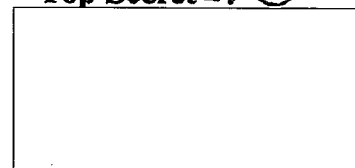
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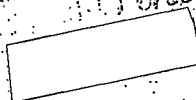
Chinese Policy and Practices Regarding Sensitive Nuclear Transfers

Special National Intelligence Estimate

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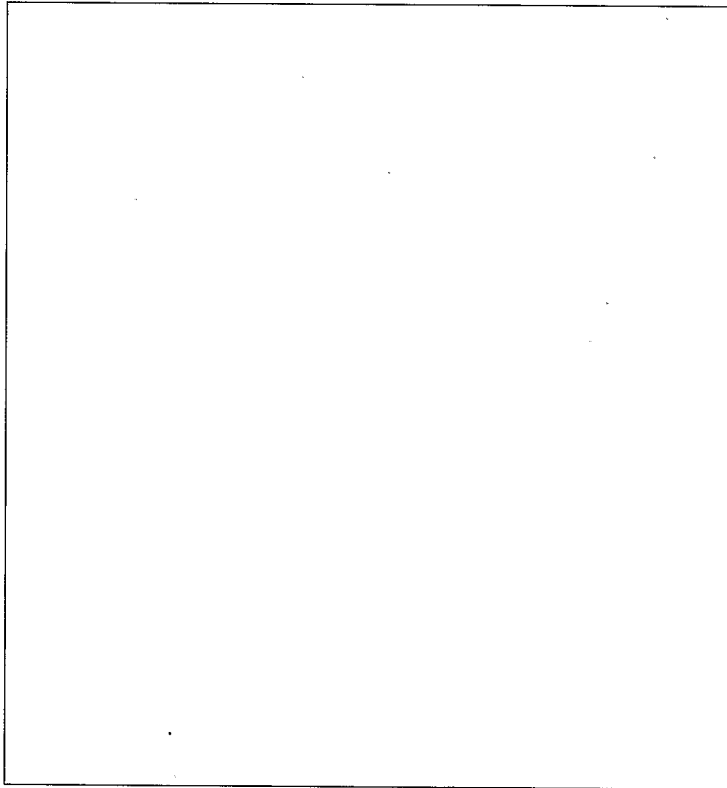
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SNIE 13/32-83

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SNIE 13/32-83

CHINESE POLICY AND PRACTICES
REGARDING SENSITIVE
NUCLEAR TRANSFERS

Information available as of 20 January 1983 was
used in the preparation of this Estimate.

Note: "Sensitive" in this paper is used in a broad sense to refer to nuclear materials, equipment, and technology that even indirectly could contribute to a country's ability to achieve a nuclear bomb. Many major nuclear suppliers, including China, and virtually all buyers restrict the use of "sensitive" to refer only to transfers, such as enrichment and reprocessing equipment and technology or fissile material, that lead directly to an explosives capability.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS, EXCEPT AS NOTED IN THE TEXT.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and Energy.

Also Participating:

- The Assistant Chief of Staff for Intelligence, Department of the Army
- The Director of Naval Intelligence, Department of the Navy
- The Assistant Chief of Staff, Intelligence, Department of the Air Force
- The Director of Intelligence, Headquarters, Marine Corps

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KEY JUDGMENTS

China has been an exporter of unsafeguarded nuclear materials since 1981. Major sales have been made to Argentina (heavy water, and natural and low-enriched uranium) and to South Africa (low-enriched uranium). Within the broad context of their mutual security relationship, China also has provided technical assistance to Pakistan's nuclear program, including consultations on the operation of an enrichment plant and probably some assistance on nuclear weapons design and development.

These activities and China's refusal to date to place the kinds of controls on its nuclear exports that are required by all other major nuclear supplier states increase the likelihood of nuclear proliferation, create problems for the international nonproliferation regime, for US-Chinese relations, and for US foreign policy interests in South Asia:

- China's actions reduce the effectiveness of international safeguards by enabling such countries as Argentina and Pakistan to develop a nuclear explosives capability more easily and quickly than they otherwise could. China also provides an example to other potential exporters of a country that has remained outside the nonproliferation regime without suffering any significant penalties.
- Chinese nuclear export activities create major obstacles to significant US nuclear cooperation, including the sale of reactors to China.
- If India's concern about Chinese nuclear assistance to Pakistan deepens, Sino-Indian and Pakistani-Indian relations could deteriorate, seriously destabilizing the subcontinent.

We view Beijing's support to Pakistan's nuclear weapons project as an outgrowth of their close strategic relationship, not as part of a policy of assisting other countries to develop nuclear weapons. We believe China initially limited its commitment to Pakistan primarily to areas of technical assistance in which Islamabad had failed to obtain what it needed from other sources. This probably grew to include some assistance in weapons design and development. China has also received practical benefits from the relationship, including access to power

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reactor and fuel cycle technology and some advanced Western arms not otherwise available.

In our judgment, there is little likelihood that China will, in the next year or so, exercise significantly greater self-restraint in its behavior as a nuclear supplier:

- The benefits it gains, in its view, are likely to continue to outweigh the costs. Nuclear sales generate for China hard currency, potential access to foreign nuclear technology, and the opportunity for political gains in the Third World as the only supplier that “respects” the sovereignty of other nations by not placing conditions on its transfers.
- Chinese leaders do feel some pressures, particularly from potential nuclear trading partners, to place limiting conditions on their nuclear transfers abroad. They are more likely, however, to make small, tactical accommodations to these pressures (such as requiring formal, but unverifiable, pledges of peaceful use from recipient governments) than to introduce serious constraints.
- According to an alternate view,¹ China may in the next year or so take steps to exercise increasing self-restraint on nuclear exports. Chinese nuclear policy is still under review in Beijing, and recent improvements in Chinese behavior suggest that continuing pressure from potential nuclear trading partners could induce further progress. China is considering joining the IAEA, for example.

We believe Chinese nuclear assistance to Pakistan will remain at about its present level. We judge it will not expand significantly, because Chinese leaders will not want to run the risk of a major deterioration in Pakistani-Indian or Sino-Indian relations. Assistance is not likely to be reduced, however, because China will not want to endanger its valuable strategic relationship with Pakistan. Although the United States has advised senior Chinese leaders that further progress by Pakistan toward a nuclear explosives capability may endanger US security support to Pakistan, the Chinese may not yet take this possibility seriously. Moreover, Beijing probably discounts the problems its involvement with the Pakistani program creates for advancing nuclear cooperation with the United States, believing it can obtain from other foreign sources most of the nuclear equipment and technology that China's nuclear programs currently require.

¹ The holder of this view is the Director, Bureau of Intelligence and Research, Department of State.

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DISCUSSION

Past Chinese Policy and Practices in Nuclear Materials Export

The Decision Environment: Economic, Political, and Bureaucratic Factors

1. China has been an exporter of unsafeguarded nuclear materials since 1981.

2. China appears to have entered the market mainly to earn hard currency. 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—an action that, among other things, ended China's abstention from commercial trade in conventional arms and nuclear materials.

3. Beijing also appears to have believed that participating in this market would open doors to Western nuclear power technology. Its negotiations with potential buyers that have established nuclear power programs, such as Japan, indicate that the Chinese may have hoped to exchange nuclear materials for technological assistance.

4. We do not know whether or how Beijing balanced the potential foreign policy benefits and liabilities of its decision to become a nuclear supplier state, but apparently it did believe it would garner some political benefits from being the only supplier, at this time, that would provide nuclear material essentially without controls (see inset). We believe Beijing expected that it could manage any adverse international reaction to its entry into both the arms and nuclear materials markets, and that any criticism would be short lived, given the widespread international trade by others in these areas.

5. Beijing almost certainly expected a sharply negative reaction from the United States. Chinese technocrats, who want to acquire US nuclear power technol-

ogy, and perhaps Foreign Ministry officials as well, have expressed concern that Chinese nuclear exports could raise new obstacles to acquiring advanced technology from the United States. So far, however, such concerns apparently have not weighed heavily in Chinese calculations.

International Controls on Sensitive Nuclear Transfers

Each state that joins the Non-Proliferation Treaty (NPT) is legally bound to require International Atomic Energy Agency (IAEA) safeguards on its exports to non-nuclear-weapons states of fissionable material or of any equipment or material especially designed or prepared to produce fissionable material. The so-called Zanger Committee has defined a "trigger list" of such items which, under the NPT, should be exported only under these safeguards. In addition, all major nuclear supplier states, with the exception of China, are members of the London Suppliers Group, an informal grouping that has agreed to require additional levels of control and physical security on the sensitive nuclear technology that they export. The following controls are among those required by the Zanger Committee and the London Suppliers Group:

- That the transferred material or equipment be used for peaceful, nonexplosive purposes only.
- That all facilities using or containing these transfers be open to IAEA inspection.
- That the recipient agree not to reexport any of the material or equipment without prior agreement of the seller.
- That any facilities using technology derived by the recipient from the seller's exports be subject to the same controls as the original facility that first received the transfers.

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6. Initially, China managed its foreign nuclear sales in a way that suggests that lower levels of the bureaucracy had considerable latitude to explore new markets and that they may not have coordinated their activities fully throughout the government. A government reorganization now under way, however, places all foreign trade in a single, consolidated ministry. This centralization could tighten up decisionmaking on nuclear export issues by giving senior political leaders the opportunity to take more clearly into account the international political dimensions of this trade.

7. There is some evidence that Chinese leaders are becoming more conscious of the broader consequences of sensitive nuclear transfers. This is reflected in three areas:

- After turning aside US proposals for a bilateral nuclear cooperation agreement in 1980, the Chinese agreed to talks in late 1981 on such an agreement. Although they still rejected the idea of safeguards, they indicated possible willingness to discuss such points as bilateral guarantees regarding peaceful use, no unauthorized transfers to third parties of US materials, and return of US-origin fuels for reprocessing.
- The Chinese have apparently ceased their earlier practice of selling uranium secretly through commercial intermediaries and are now conducting direct government-to-government negotiations in which they seek to elicit official assurances (without provisions for verification) of peaceful use and of no unauthorized reexport to third parties.
- In part because of an adverse international reaction to disclosure of an enriched uranium sale to South Africa, the Chinese have restated publicly that they will not "encourage or advocate" the spread of nuclear weapons.

Sales to Argentina, South Africa, and Others

8. China's present capabilities to turn out heavy water and uranium products are [redacted] substantially in excess of current domestic needs, which are almost entirely military. It can produce 100 to 200 tons of heavy water per year and has accumulated a surplus for export. Surpluses of natural uranium also appear to

be substantial, with 1,300 to 2,300 tons available for export per year. China's capacity to produce enriched uranium is also currently somewhat in excess of its military and relatively small nonmilitary needs.

9. Earnings from sales of nuclear materials have amounted to only \$200 million to date. The major sales, arranged through West European intermediaries, have been to Argentina and South Africa. Argentina so far has received 36 tons of yellowcake, 100 kilograms of 20-percent-enriched uranium hexafluoride, and at least 42 tons of heavy water. [redacted]

10. South Africa purchased 60 tons of low-enriched uranium hexafluoride from China in 1981 through a European middleman. Although the Chinese have adamantly denied that they knew that South Africa was the ultimate buyer, we believe that in fact senior leaders in Beijing probably did know but proceeded anyway, believing they could accuse the broker of deception if knowledge of the transaction became public. In addition, China has sold 30 tons of natural uranium to Japan and recently may have agreed to sell 1 to 2 tons of low-enriched uranium to Brazil. China has also raised the possibility of sales to such West European countries as Italy and Switzerland.

Attitude Toward Proliferation Risk

11. China has traditionally shown little of the concern that other nuclear weapons states, including the USSR, have expressed—that uncontrolled export of nuclear technology and materials heightens the risk of nuclear proliferation. This attitude seems to be a product of a belief that international controls are ineffective in preventing proliferation and thus do not contribute to China's security.

12. Beijing's approach to the issue is underpinned by a highly developed sense of nationalism and a historical sensitivity to foreign interference in domestic Chinese affairs, particularly with regard to military or security matters. China's public position—that international controls constitute an infringement of a country's sovereignty—is clearly framed to justify its own nuclear weapons program and to preserve its options, rather than to address the proliferation issue itself. At the same time, the Chinese believe—with

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some reason—that this position makes for good politics in Third World circles. Most obviously, China's claim that its trade in nuclear fuel has broken the superpowers' "monopoly"—a point made by former Foreign Minister Huang Hua in 1981—suggests Beijing believes many developing countries welcome initiatives that loosen international nuclear controls.

13. China's formal position with regard to the international nonproliferation regime—which includes the Non-Proliferation Treaty (NPT) and the International Atomic Energy Agency (IAEA)—is one of complete disassociation and is generally at odds with those of other nuclear weapons states and major nuclear supplier countries. China has consistently refused to adhere to the NPT despite the fact that the Treaty would not require Beijing to accept any IAEA safeguards on its own nuclear program (because it already possessed nuclear weapons at the time the Treaty was drafted). China has also stayed out of the IAEA, even though membership per se imposes no major obligations (a member's agreement to place safeguards on its nuclear exports is a separate, voluntary act).¹

14. An alternate view² is that Chinese public opposition to international controls in recent years has been purposefully more ambiguous and less categorical than is stated above. While China continues to insist that controls which inhibit a country's ability to develop nuclear energy for peaceful purposes are an infringement on sovereignty, its more general criticism of nonproliferation agreements rests primarily on the grounds that they are unfairly implemented. While China is wary of the international safeguards regime and finds it difficult politically to change its past rhetorical stance, sparse official comment on these issues may reflect ongoing review of nuclear policy.

15. China's resistance to participation in the international safeguards regime reflects its longstanding distrust of the superpowers, and especially the USSR. It considers the NPT a product of Soviet-American "great-power hegemony" and claims that Moscow and Washington entered into nuclear cooperation solely to prevent China from acquiring nuclear status. One

¹ France is the only other nuclear weapons state (and major supplier) that has not joined the NPT. It is a member of the IAEA, however, and does insist on safeguards on its nuclear exports.

² The holder of this view is the Director, Bureau of Intelligence and Research, Department of State.

problem for the Chinese is the obligation under Article VI of the Treaty to cooperate with nuclear weapons states to seek a limitation and, eventually, reduction of nuclear arms. This requirement conflicts, in China's view, with its national security need to develop a nuclear arsenal that will help offset the Soviet military presence on its northern border.

16. Some Chinese officials both publicly and privately have also objected to international nuclear controls on the grounds that the United States uses these controls to ensure its domination of the nuclear fuels market. As a case in point, they have complained in their press and to foreign diplomats that the controls are often bent to serve US purposes.

Nuclear Relations With Pakistan

Strategic and Alliance Context

17. We view Beijing's agreement to provide some support to Pakistan's nuclear program as an outgrowth of their close and longstanding bilateral relationship. Despite Pakistan's internal problems and precarious international position, it has been one of China's most reliable allies for more than 20 years. Beijing has steadily enlarged its investment in the relationship, seeking to block what it regards as a Soviet strategy of encirclement—of ringing China's southern frontiers with unfriendly states. Beijing also has used Pakistan as a foothold in South Asia and a bridge to friendly countries in the Islamic world. Additionally, Pakistan has provided a window through which China could have access to denied Western nuclear and military technologies. This factor may have been especially important in the mid-1970s, when Beijing reportedly made its initial commitment in principle to assist Pakistan toward a nuclear weapons capability. At that time, China was emerging from a lengthy period of internal disarray and isolation from the West.

18. A mutual suspicion of India remains a primary bond between Islamabad and Beijing. China backed Pakistan in its wars with India in 1965 and 1971, and has relied on this shared interest to counter what both allies perceive as India's ambition to dominate the subcontinent. Both Beijing and Islamabad know, however, that China's obsolescent military equipment and limited logistic capability prevent it from being a credible military guarantor of Pakistan's security. Chi-

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nese leaders have urged the Pakistanis to look to the United States for effective military aid and security commitments, and encouraged Islamabad to improve its relations with India as well.

19. In the context of this strategic alliance, Pakistan's leaders value highly China's willingness to help Pakistan's nuclear program. The Pakistani public is aware that Pakistan is developing a bomb, and public opinion greatly favors this. President Zia personally believes it will contribute to Pakistan's security and is under strong domestic pressure to continue to push toward nuclear weapon status. Consequently, China's further willingness to provide assistance to the program may be seen by Pakistani military and political leaders as an important element of their security relationship, even if the impact of the Chinese contribution may be more symbolic than practical.

20. Although Chinese assistance to Pakistan's nuclear program is a significant component of the strategic alliance, it is not the most important factor. This alliance, which dates from 1963, long before either the Indian or Pakistani nuclear program began, is based on geostrategic factors. Pakistan and China share common enemies in the Soviet Union and India, and each sees the alliance as a method of avoiding encirclement. The main Chinese contributions take the form of diplomatic support and supply of conventional military weapons. A sudden cutoff of nuclear assistance would probably damage the strategic relationship. Nonetheless, the relationship is of such depth and duration that it would probably continue to survive.

Weighing the Evidence of Scope and Content of China's Involvement

21. *Initial Promises.* China's initial agreement to help Pakistan resulted from India's nuclear test in 1974.

[redacted] the Chinese gave a verbal consent to help Pakistan develop a "nuclear blast" capability when the Pakistani Foreign Secretary visited Beijing after the Indian explosion. What "verbal consent" signified is not clear, but we believe it was essentially an agreement in principle, designed to assure Islamabad that China would aid in countering the new Indian threat. The Chinese apparently did not specify—and, in our view, may not have clearly decided at that point—the nature or extent of their promised help.

22. China, however, did move quickly to show that its aid would be limited. The Chinese apparently turned down a Pakistani request for 4 kilograms of plutonium; the action implied that Islamabad would need to find other sources of fissile material for the bomb.

23. [redacted] no Chinese activity until May 1976, when former Prime Minister Bhutto asked Chinese leaders for a more specific commitment. Bhutto's request was [redacted] partially satisfied by an apparent Chinese assent to provide the technology needed to make a nuclear weapon. Beijing stipulated, however, that it would do so only after a nuclear reprocessing plant—then being sought by Bhutto's government from France—became operational. The Chinese demurred from other nuclear assistance at the time, because of their own domestic requirements, and also made clear that Pakistan should consider China's help as that of a last resort.

24. We believe that China's hedged and conditional commitment in 1976 can be interpreted as a Chinese attempt to put off making good on past promises while reassuring Bhutto that help would be forthcoming should his nuclear weapons program meet insuperable obstacles.

25. *Involvement in Nuclear Power and Fuel Cycle Technology.* After agreeing to assist Bhutto's program, the Chinese made several visits to Pakistan's nuclear power and fuel cycle facilities.

[redacted] these visits appear to be primarily Chinese efforts to gain Western technology already acquired by Pakistan:

- In 1976 several Chinese nuclear experts accompanied military delegations to Pakistan.
- In 1977 a team of Chinese experts visited the Karachi Nuclear Power Plant (KANUPP), where they obtained a full set of designs and specifications for this Canadian-supplied heavy water power reactor.

[redacted]

[redacted]

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[redacted]
26. China's involvement in Pakistan's uranium enrichment program—a program designed to produce weapons-grade material—probably began in 1979 and continues to the present [redacted]

[redacted]

[redacted]

[redacted] This [redacted] raises the *possibility* that China has provided a fairly comprehensive package of proven nuclear weapons design information to the Pakistanis, [redacted]

[redacted] Even without any Chinese help the Pakistanis could develop a nuclear weapon, but access to Chinese weapons design and test data might be crucial in establishing Islamabad's confidence in an untested weapons capability."

[redacted]

27. *Weapons-Related Involvement.* [redacted]

[redacted] the Chinese have also been involved in other aspects of Pakistan's nuclear weapons program:

[redacted]

28. In sum, we see China's participation in the Pakistani program as an exception to a larger policy of [redacted]

[redacted]

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not assisting other countries to develop nuclear weapons. In our view:

- China's involvement flowed from agreements in principle in the mid-1970s when Beijing may not have foreseen the need to make good on its promises or to deal with their consequences.
- The Chinese became engaged in the program incrementally, initially limiting themselves primarily to technical assistance in areas in which Islamabad had failed to obtain what it needed from other sources. This probably grew to include some assistance in weapons design and development.

The Benefits and Dangers for Each Side

29. *China.* We believe that the Chinese see their role in Pakistan's nuclear weapons program only as part of the overall Sino-Pakistani security relationship. Beijing probably regards its part in the program as fraught with problems but as a necessary element in its broader security relationship with Pakistan vis-a-vis India and the Soviet Union.

30. The Soviet invasion of Afghanistan in 1979—and the recurrent uncertainties evident in the US military relationship with Pakistan—have, in our view, reemphasized to the Chinese the importance of their security assurances to Pakistan and of Pakistan's role in buttressing Chinese security. Beijing appears reluctant to endanger its relationship with Pakistan by a decision to terminate or diminish its assistance in any area of cooperation. Senior Chinese leaders no doubt recall that it was Soviet equivocation in the late 1950s over promises to help China develop nuclear weapons that contributed strongly to the breakdown of the Sino-Soviet alliance. The Chinese also reportedly have concluded that Pakistan is determined to develop a nuclear weapons capability and that it will succeed sooner or later despite international efforts to stop the program. The Chinese, as one consequence of this assessment, may discount their own participation as a critical factor in whether Pakistan attains its nuclear goal, though they probably recognize that their assistance may accelerate its achievement.

31. At a more mundane level, Beijing probably believes it has also received several practical benefits from its involvement in the Pakistani program in terms of access to some power reactor and fuel cycle

technology and, additionally, some advanced Western arms not otherwise available to China. These benefits, alone, probably would not justify the risks, in Beijing's eyes, that it assumes by associating with Pakistan's nuclear weapons development.

32. Beijing is well aware of the risks of its involvement. It causes troubles in China's relations with the United States, especially by jeopardizing China's access to American nuclear power technology. It also poses major risks for China's effort to improve relations with India, a policy designed to draw New Delhi away from Moscow. We believe that there almost certainly are Chinese leaders who judge that Pakistan's development of nuclear weapons could trigger another Indo-Pakistani war and that, if senior Indian leaders become convinced that China is providing nuclear assistance to Pakistan, severe damage to China's ties with India could ensue.

33. Finally, some in Beijing probably are concerned that involvement in the Pakistani nuclear weapons program, as it becomes known, could sully China's image as a responsible nuclear power. Although China has always maintained that all nations have the sovereign right to acquire nuclear weapons, it also has disclaimed any intention of advocating or encouraging them to do so. So far, China's link with the Pakistani program is the only exception to that position.

34. On balance, we believe that Chinese leaders are aware of the risks of China's involvement with the Pakistani nuclear program and are nervous about them. We see no signs of coherent opposition to the present level of involvement, however, either at senior political levels or in the bureaucracy.

35. *Pakistan.* The major benefit to Pakistan of Chinese involvement in its nuclear program is that it reaffirms the Pakistani view, based on geostrategic factors, that Beijing highly values its strategic alliance with Islamabad. In Islamabad's view, this alliance probably reduces the quickness with which India might use military force against Pakistan, and it may even introduce some caution in the way the Soviets deal with Pakistan.

36. Pakistan has also received some direct technical gain from China's assistance in weapons design and in the operation of enrichment plants. In the area of enrichment, the Chinese could contribute to development of capabilities for process control and design,

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handling of highly corrosive gas, criticality problems, and the like, even though they are not directly experienced in the particular centrifuge enrichment process Pakistan is developing.

37. The major danger to Pakistan from Chinese involvement in its nuclear program is that India's perception of the security threat it perceives from the program is likely to multiply. Beyond the specific nuclear danger from Pakistan, India would see a "nuclear alliance" between its two principal rivals, one of which already possesses an established weapons capability, as deeply threatening.

38. On balance, from the Pakistani perspective, the costs of nuclear association with China are far outweighed by the benefits. Pakistan feels an intense isolation in world affairs, knowing that the Arab world cannot materially assist in the event of an Indian or Soviet attack and that the United States, by past performance, cannot be fully trusted either. Nuclear assistance strengthens Pakistan's strategic relationship with China, although it is not the most important element in that relationship. In Islamabad's view, China is its most reliable friend and contributes to what Pakistan no doubt perceives as its ultimate guarantee of security, the possession of nuclear weapons.

Likely Future Behavior

Prospects for Adherence to International Nonproliferation Norms

39. In our judgment there is little likelihood that China will, in the next few years, move toward significantly greater self-restraint in its behavior as a supplier of nuclear materials to other non-nuclear-weapons states or of nuclear know-how to Pakistan. Its present activities in both areas are bringing it useful returns, and we do not see any strong motivations developing for the Chinese substantially to limit them. According to an alternative view,⁴ while there is little likelihood that China will significantly alter its nuclear relationship with Pakistan, it is possible that it would exercise increasing self-restraint on exports because of the outside pressures to do so, especially from potential suppliers of equipment and technology for nuclear energy development.

⁴ The holder of this view is the Director, Bureau of Intelligence and Research, Department of State.

40. The factors encouraging unsafeguarded Chinese sales to such countries as Argentina and South Africa show no signs of changing. China will probably continue to have surplus heavy water and natural uranium available for export for many years to come (even though, according to the head of the Chinese nuclear materials trading corporation, it is unwilling, at least at present, to undertake long-term supply commitments, suggesting that the focus will remain on spot or limited sales). For now, China will also be able to make limited spot sales of enriched uranium, but only in relatively small quantities. These sales will continue to be a proliferation problem and will on occasion displace safeguarded sales from other suppliers. For the foreseeable future, however, China will not seriously compete in either quantity or price with the United States, the USSR, or Western Europe for enriched uranium sales. In fact, by late in the decade and in the 1990s, domestic nonmilitary requirements for enriched uranium could become increasingly large. For example, the nuclear power program, if it develops at all along anticipated lines, will begin to completely absorb production capacity at some point in the 1990s, though perhaps not until late in that decade.

41. The Chinese do feel some pressures, particularly coming from international concern and the sensitivities of potential nuclear trading partners to the dangers of nuclear proliferation, to limit or place restricting conditions on nuclear transfers abroad. These concerns, however, will probably serve more to move the Chinese to make small, tactical accommodations than to significantly constrain their nuclear dealings. China might, for example, encourage (but not require) buyers to place Chinese-origin nuclear fuels under international safeguards; the Chinese might also accept carefully circumscribed inspection of imported reactors if this activity were disguised as "technical assistance." We doubt, however, that their desire for foreign nuclear technology or their fear that they will be cut off from what they want to acquire is so strong that they will agree within the next year or so to the restraints that other nuclear supplier states normally impose.

42. We can foresee two probably remote contingencies that might lead Chinese leaders to change their attitude about whether China should accept greater

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self-restraint on transfers or formally participate in the international safeguards regime:

- This might occur if Chinese leaders came to believe that they might face the danger of nuclear attack from a country whose progress toward developing nuclear weapons could be delayed or stopped by limiting that country's access to foreign nuclear technology. It is conceivable, for example, that the prospect that India could be prevented from developing a deliverable nuclear weapon by nuclear supplier constraint might lead the Chinese to cooperate more broadly with the global safeguards regime.
- The second possibility would be the prospect of significant gain (in, for example, receipt of foreign technology or advanced weapons that they cannot obtain by other means) if they agreed to more controls. There is no evidence that the Chinese are thinking in these terms, but in such a situation the Chinese might perceive their still-infant nuclear materials export industry as a bargaining chip that could be traded off if the reward were sufficient.

In present circumstances, both of these contingencies seem highly improbable. We believe it is unlikely, therefore, that China's decisionmakers soon will soften their position on the inadmissibility of significant controls on nuclear exports or their longstanding opposition to the international nonproliferation regime.

Support to Pakistan

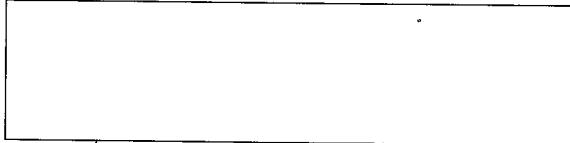
43. We believe Chinese nuclear assistance to Pakistan will remain at about its present level. We judge it will not expand significantly because Chinese leaders will not want to risk the major deterioration in Pakistani-Indian relations, including the possibility of an armed strike by India on Pakistan's nuclear facilities, that would probably occur if India's concern about the direction and pace of Pakistan's nuclear developments should grow. Moreover, additional assistance, if it became known, would create trouble for Chinese-Indian relations and new obstacles for nuclear energy relations with the United States and perhaps others.

44. A sharp reduction of assistance is equally unlikely. China will not want to endanger its valuable strategic relationship with Pakistan or to risk losing the practical benefits it has gained from access to Paki-

stan's centrifuge enrichment technology and its heavy water reactor. Moreover, of even greater future significance may be the access to advanced Western conventional weapons technology, and particularly a new generation of US weapons, that continued good relations with Pakistan may at some point provide.⁵

Implications for the International Nonproliferation Regime

45. China's willingness to export unsafeguarded nuclear materials to potential proliferators has not yet significantly impaired the international nonproliferation regime. Its actions, however, jeopardize the regime's effectiveness and create major obstacles to strengthening it. For example, in some cases its transfers enable countries to advance toward a nuclear weapons capability more easily and quickly than they otherwise could do:



- China's technical advice to Pakistan may enable the latter to produce a nuclear explosive device sooner than it could have done on its own. The Chinese assistance may also enable the Pakistanis to have more confidence in the device—without testing it—than otherwise would be justified.

46. An additional detrimental effect that China is having on the nonproliferation regime is that its example is likely to encourage other emerging nuclear materials suppliers, such as Argentina, not to require safeguards on their nuclear exports. To them, China is a country that has remained outside the international nonproliferation regime without suffering any significant penalties.

Implications for the United States

47. In addition to their negative impact on the international nonproliferation regime, Chinese nuclear transfer activities have a number of other adverse implications for US-Chinese relations and for US foreign policy interests in South Asia.

⁵ SNIE 32-82, *Pakistan: The Next Years*, 8 November 1982, discusses this subject in greater detail.

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48. One concern is that US legislation and nonproliferation policy prohibit any meaningful nuclear trade with China as long as it, for example, assists Pakistan's nuclear weapons program. If this problem could be solved, nuclear cooperation with China has the potential of yielding appreciable commercial gains for US companies, especially from the sale of nuclear reactors. It could also advance bilateral relations more broadly by partially satisfying China's strong desire to gain advanced technology from its relations with the United States. However, as long as China can obtain from other sources most of the equipment and technology it needs for its nuclear power program (such as reactors) and nuclear weapons program (such as high-speed computers)—as it now apparently believes it can—it is unlikely to make the changes in nuclear

transfer policy and practices that would be necessary to solve the bilateral problem.

49. In terms of US foreign policy interests in South Asia, the Chinese assistance carries with it major risks for peace on the subcontinent. We believe Chinese leaders are aware of these risks and will attempt to avoid them, as they have so far. Continued Chinese support is, however, likely to undermine US efforts to convince Pakistan to abandon its nuclear weapons program and could enhance Pakistan's ability to develop more advanced nuclear devices and delivery systems. Nonetheless, at this point Pakistan's ability merely to develop a nuclear explosive is probably not dependent on the kind of further help the Chinese may be willing to provide, and they may have little impact on that outcome.

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