

Testimony by
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Mr. Chairman and Members of the Committee:

I welcome the opportunity to testify before you on behalf of the State Department on the important subject of our proliferation concerns with Russia and China. Nonproliferation is not just one of many issues in U.S. policy, but rather, as the President and many others have said, it is a cardinal issue, one on which we have to "get it right." It's fused in many ways to our effort to root out terrorism and to stop the flow of dangerous materials to countries that support terrorism and/or threaten key U.S. interests. Both Russia and China have helped in important ways in the fight against terrorism in the wake of the September 11 attacks, yet differences remain between us on critical nonproliferation issues. I would like to outline our concerns and describe some steps we have been taking to deal with the problems. I have just returned from a trip to Europe. I was delighted to hear from a senior official at the EU that they share our view that proliferation is one of two galvanizing threats confronting Europe. We are working to translate that understanding into more effective action that will complement and supplement the many activities the U.S. is pursuing.

Let me turn first to Russia, addressing your questions as follows: (1) What are our current proliferation concerns with Russia? (2) How does Russia participate in multilateral export control agreements? (3) How successfully has Russia implemented its agreements and enforced domestic regulations? (4) What assistance is the U.S. providing to Russia?

Proliferation Concerns

Any discussion of Russia needs to be put in perspective. The relationship is in the process of massive transformation from the adversarial relationship of the Cold War. The President's visit in May cemented important parts of the strategic arrangement we seek to reach with Russia. In addition to the treaty that Presidents Bush and Putin signed on reducing strategic offensive weapons, the Presidents also agreed to intensify efforts to combat the spread of weapons of mass destruction. Two days later, NATO initiated a new NATO-Russia Council that will help implement this undertaking. We remain concerned, however, that Russian entities are providing proliferant states with technology related to weapons of mass destruction (WMD)- and missiles.

Russia's cash-strapped defense, biotechnology, chemical, aerospace, and nuclear industries profit from exports and transfers to states on our list of state sponsors of terrorism. Some Russian universities and scientific institutes have shown a willingness to earn needed revenues by providing WMD-related or missile-related teaching and training for foreign students.

We have engaged in high-level efforts to halt Russian sales to the proliferants. President Bush was quite direct in his conversation with President Putin last month. We have offered Moscow lucrative incentives to end sensitive cooperation with Iran and made clear that failure to do so will limit the scope of the new strategic framework we seek to build with Russia. Moscow's response to our efforts has been mixed. Russia updated its export control laws in 2001 and has limited some particularly dangerous exports. However, Russian entities continue to engage in a broad array of cooperative projects which aid the WMD and missile programs of countries of concern, as well as to sell these countries advanced conventional weapons (ACW). We also have made clear to Russia that it must take enforcement action to stop assistance to proliferators - and that does not mean just Iran. If Russian action does not terminate such assistance, U.S. sanctions may be required.

Participation in Multilateral Export Control Agreements

Our bilateral differences notwithstanding, the United States and Russia have worked for more than thirty years in support of the Nuclear Nonproliferation Treaty (NPT). Last fall, Presidents Bush and Putin reaffirmed their mutual commitment to the Biological Weapons Convention (BWC) and the Chemical Weapons Convention (CWC), and endorsed efforts to strengthen the NPT. In Moscow two weeks ago, Presidents Bush and Putin called on all countries - meaning Russia and the United States as well - to strengthen and strictly enforce export controls, interdict illegal transfers, prosecute violators, and tighten border controls to prevent and protect against proliferation. It goes without saying that conformance to treaties like the NPT, CWC, and BWC cannot be only a matter of degree.

Russia is a member of several of the multilateral export control regimes, including the Nuclear Suppliers Group (NSG), Missile Technology Control Regime (MTCR) and Wassenaar Arrangement. It is not a member of the Australia Group (AG), but controls the items on the AG control lists. In 1998 Russia adopted "catch-all" controls to cover unlisted items destined for WMD/missile programs, and in 1999 passed the Federal Law on Export Controls, which created a comprehensive basis for controlling items of proliferation concern. The Russian government has since enacted a number of implementing regulations under the new law, revamped the export control administration, expanded and updated its control lists and provided new authorities for punishing violations.

The framework for Russia's export control license procedures appears to be similar to that in the United States. Representatives of relevant agencies and ministries review all license applications and participate in an interagency Export Control Commission, chaired at lower levels by the Department of Export Control in the Ministry of Economic Development and Trade. Ultimate authority as to whether to approve or deny a license resides with the President, and by his delegation, the head of the cabinet-level Export Control Commission chaired by the Prime Minister.

Implementation

Notwithstanding this export control framework, implementation and enforcement remains insufficient. The Russian Government on occasion has taken steps to investigate alleged violations. However, proliferators continue to have access to a wide range of sensitive technologies from Russian entities. In some cases official Russian export policy is contributing to the proliferation threat, such as with the decision to proceed with nuclear power plant cooperation with Iran.

Russian exports related to WMD and missiles to proliferant states take place in a complex environment. Strong economic motivation for enterprises to increase exports vie with mixed enforcement of export controls, a level of official corruption, and governmental policies that often confuse rather than clarify what is permissible and what is not. Russia's policy on such exports is generally to interpret its nonproliferation commitments narrowly. In selling uranium fuel to India in the face of overwhelming opposition from the Nuclear Suppliers Group, Russia made decisions contrary to the guidelines. Moscow also tends to downplay the threat posed by proliferant weapons programs and to express the belief that the limited technological capability of proliferant states will prevent them from developing WMD and missiles. That view is shortsighted and dangerous.

U.S. Assistance

We have been working with the Russian Government for several years to help strengthen its export controls and enforcement. This assistance played a significant role in creating the legal foundation for export controls that is now in place in Russia. It was a catalyst for industry-government outreach programs that educate Russian companies about their obligations under Russia's export control system. U.S. assistance has also funded installation of radiation detection equipment at a number of key transit and border sites throughout Russia to detect and interdict illicit nuclear transfers. With the legal and regulatory basis for Russia's export controls now essentially in place, our assistance efforts are increasingly focusing

on enforcement efforts and working with customs and law enforcement officials on combating illicit transfers.

Ultimately, the Russian Government must demonstrate the political will and devote the necessary priority and resources to use these capabilities effectively to stop illicit transfers, as well as to set responsible policies for what constitutes legitimate transfers. It has not yet done so. We will continue to press Moscow for this commitment.

And now I would like to turn to China, addressing your questions in the following order: (1) In what way does China participate in multilateral export control agreements? (2) What are our current nonproliferation concerns with China? (3) How successfully has China implemented its multilateral export control agreements? (4) What assistance is the U.S. providing to China?

Participation in Multilateral Export Control Agreements

Like Russia, China is a party to the key treaties to prevent the proliferation of weapons of mass destruction, acceding to the Biological Weapons Convention in 1984, the Nonproliferation Treaty in 1992, and ratifying the Chemical Weapons Convention in 1997. As a relative newcomer to nonproliferation, China's policies are still evolving and, aside from the NPT-related Zangger Committee, China does not belong to any of the multilateral export control regimes.

China remains the only member of the Zangger Committee that is not also a member of the Nuclear Suppliers Group, which requires full-scope safeguards as a condition of nuclear supply to non-nuclear weapon states. China has not yet been willing to accept the full-scope safeguards policy, although it has expressed some interest in joining the NSG.

China's nuclear export control regime applies not only to Zangger Committee Trigger list items, but also to so-called dual-use items that have both civilian and military applications. For transfers of both Trigger and dual-use items to a non-nuclear weapons state (NNWS), China requires nuclear non-proliferation assurances. In May 1997, China's State Council approved a circular notice to government and industry requiring strict implementation of China's nuclear export policy of not assisting other countries to acquire nuclear weapons. In September 1997 China promulgated nation-wide nuclear export control regulations accompanied by a list of controlled nuclear items which is identical, the Chinese informed us, to the Nuclear Suppliers Group Trigger List. In June 1998 China's State Council promulgated regulations, on control of nuclear dual-use items and related technology.

Proliferation Concerns

We continue to have concerns about Chinese nonproliferation behavior. In particular, we want to ensure that Beijing fully lives up to its May 1996 commitment not to provide assistance to any unsafeguarded nuclear programs and facilities. In October 1997, China gave the United States assurances regarding its nuclear cooperation with Iran. China agreed to end cooperation with Iran on supplying a uranium conversion facility (UCF) and to end further cooperation after completing within a reasonable period of time two existing projects - a zero-power reactor and a zirconium production plant. We will continue to evaluate whether subsequent interactions between Chinese and Iranian entities are consistent with the Chinese "no new nuclear cooperation" pledge.

With regard to chemical and biological weapons, China is a Party to the Biological Weapons Convention and the Chemical Weapons Convention. But China's chemical-related export controls are not yet up to the Australia Group standard and only cover 10 of the 20 Australia Group-listed items not also on the CWC schedules. Chinese officials have told us they plan shortly to increase coverage to reach the Australia Group standard. This would be a welcome improvement. However, loopholes remain in Chinese controls and enforcement. Since 1997 the U.S. has imposed sanctions on 13 Chinese entities under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 and the Iran Nonproliferation Act of 2000.

In November 2000, China committed not to assist, in any way, any country in the development of Missile Technology Control Regime (MTCR) Annex-listed ballistic missiles, to improve and reinforce its export control system, and to publish at an early date a comprehensive missile-related export control list and related regulations. However, China has failed to fully implement its commitments. Chinese entities have recently provided Pakistan with missile-related technical assistance. In addition, firms in China have provided dual-use missile-related items, raw materials, and/or assistance to several other countries of proliferation concern – such as Iran, North Korea, and Libya. In September 2001, the U.S. imposed missile sanctions on Chinese and Pakistani entities for their involvement in the transfer of MTCR Annex Category II items that contributed to Pakistan's MTCR Annex-listed ballistic missile program. We have had discussions, including by President Bush this spring in Beijing, concerning China's failure to implement fully its November 2000 commitments.

Implementation

There is a continuing gap between the commitments China has made and its implementation of these commitments. We remain concerned about gaps and loopholes in Chinese export controls, as well as by exports by entities with and without government concurrence. China still has not promulgated all the laws and regulations that would implement the nonproliferation policy that Chinese officials at every level say is China's policy. There will be no horse trading. Our view is very clear. If China's policy is as it describes - opposition to proliferation - then it needs to put the tools in place and use them effectively.

U.S. Assistance

The U.S. has taken modest steps to help the Chinese identify problems in their export control systems. The Department of Commerce (DOC) has conducted a seminar on U.S. export control regulations for the Ministry for Trade and Economic Cooperation (MOFTEC), the Ministry of Foreign Affairs (MFA) and the U.S. and Chinese business communities in China. It has also brought MOFTEC officials to the U.S. to exchange views with DOC export control officials.

A Final Word

The message is same for our oldest friends and our newest: as in the war on terrorism, one cannot be neutral. Results, not words, are the means by which we can measure China's, Russia's, or indeed any other country's commitment to the effort to stem proliferation. President Bush made clear at the time of the Beijing summit that China's fulfillment of its nonproliferation commitments would be an important factor in determining how far the new U.S.-China relationship can develop. He said the same thing to the Russians in Moscow in May. We will rely on international treaties and multilateral agreements. We will work actively with friends and allies, as I discussed last week in Vienna, Berlin, and Brussels at the EU and NATO. But we will also work bilaterally and, when necessary, unilaterally to stop the flow of weapons and technologies that constitute a direct threat to the US, our forces stationed abroad, our allies, and our friends.