Since the 1980s, China has been a major supplier of weapons and technology of concern to the United States and other countries. Not only has China sold large quantities of conventional arms to rogue states such as Iran, it has also transferred technology that can be used in the production of missiles (along with complete missile systems) and nuclear, biological, and chemical (NBC) weapons to several nations, including potential U.S. adversaries. In June 1997, the Director of Central Intelligence testified to Congress that "China was the most significant supplier of NBC-related goods and technologies to foreign countries."\(^1\) Although many countries sell a greater volume of arms than does China, Beijing has not exercised the same restraint that Western countries have. France, Britain, and the United States all are major suppliers, but in general they have refrained from transferring NBC-related technologies and are careful in the arms they sell to states that support terrorism or threaten their neighbors.

China’s arms transfer behavior has become less dangerous in recent years because of both external and internal factors. The end of the Iran-Iraq war in 1988 resulted in a sharply diminished demand for Chinese conventional arms from those two countries, which had been China’s largest customers. Operation Desert Storm dramatically demonstrated the inferiority of the low-tech systems China produces, further decreasing demand. The collapse of China’s rival,

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the Soviet Union, has made more-advanced Russian equipment available at cut-rate prices in what some analysts have described as “the fire sale at the end of history.” Developments at home have also led sales to decrease. In the early 1990s, perhaps to reduce China’s isolation resulting from the 1989 Tiananmen Square killings, the Chinese leadership began increasing its participation in a number of international regimes, including those directed at controlling the proliferation of nuclear, biological, and chemical weapons. The enduring effect of these internal and external changes is not clear, however, and concerns about continued proliferation and transfers to rogue states are warranted.

This study examines China’s recent arms transfer behavior, with particular emphasis on changes that have been occurring since the late 1980s. After summarizing the history of China’s arms sales since the late 1970s, the report addresses the issue of which types of arms transfer are of greatest concern for the United States. China’s major arms relationships since the late 1970s are then examined in detail. The study next examines China’s strategic and commercial motivations for arms transfers and factors that may cause Beijing to exercise restraint in its arms sales. The issue of whether Beijing actually controls China’s arms sales is assessed, as is the ability of the United States to affect Beijing’s behavior. The report concludes by noting the implications of China’s arms sales for U.S. interests.