China’s arms sales pose a moderate threat to U.S. interests. Beijing has sold arms to leading rogue states, such as Iran and Iraq, and has transferred technology related to nuclear, biological, and chemical (NBC) weapons and their associated delivery systems. Through China’s help, states such as Iran have developed their own defense industrial base, making them more autonomous and threatening to U.S. allies. Although Chinese sales have fallen in recent years, and Beijing has become more responsible regarding the sale of NBC technologies and missile systems, further progress is necessary to stop China’s behavior from posing a threat to U.S. interests.

China emerged as a major source of arms transfers in the 1980s, and by 1987 was the world’s fourth largest seller of conventional arms. However, Chinese weapon sales diminished sharply after the end of the Iran-Iraq war in 1988, and demand for Chinese weapons fell further after Operation Desert Storm dramatically demonstrated the superiority of Western high-tech weaponry over low-tech Chinese and Soviet systems. The growing availability of cheap—and more advanced—Russian weapons also reduced demand for Chinese weapons.

As China’s conventional weapon sales began to taper off, it began transferring systems and technology that were much more worrisome: those associated with missiles and NBC weapons. The decisions to engage in such transfers had been made well before the slump in the demand for Chinese conventional arms, but these transactions did not begin to receive public attention until the late 1980s. In 1988, U.S. intelligence revealed that China had sold nu-
clear-capable intermediate-range ballistic missiles to Saudi Arabia. This was followed by reports that China was assisting ballistic missile programs in Iran and Pakistan. Even more alarming was China’s assistance to several countries’ NBC programs. The most extensive assistance was to Pakistan, where China apparently provided Islamabad with both a nuclear weapon design and fissile material. China also aided the nuclear programs of Iran and Algeria as well as Iran’s chemical and biological weapons program.

The level of China’s arms sales has fallen in recent years, and China has shown restraint in its transfers to rogue states such as Iran and Iraq. In addition Beijing has increased its adherence to international agreements regulating the sale and spread of dangerous arms, although it is still not committed to the spirit of many of these agreements.

**CHINA’S PRIMARY CUSTOMERS**

Six countries—Pakistan, Iran, Iraq, North Korea, Myanmar, and Thailand—have been China’s primary arms transfer recipients since the 1980s. Of these, Pakistan has been the most important. In addition to selling Islamabad large amounts of conventional weapons, in the 1980s China provided Pakistan with a proven nuclear weapon design and enough enriched uranium for two devices, and has since provided additional assistance to Pakistan’s nuclear program. China also sold Pakistan components of M-11 short-range ballistic missiles and has provided assistance to Pakistan’s indigenous ballistic missile program. China’s interest in Pakistan is largely strategic. Both countries are strategic rivals of India, and during the Cold War Pakistan was an effective counter to Soviet influence in South and Southwest Asia. Today, relations with China are increasingly important to Pakistan, as ties to the West have diminished in the aftermath of the Cold War.

China has sold Iran large numbers of conventional weapons, supplied it with equipment and materials to produce chemical and biological weapons, and provided technical assistance to Iran’s nuclear and ballistic missile programs. China’s motivations for its arms sales to Iran have been strategic as well as commercial. In the 1980s, Beijing considered Iran a bulwark against Soviet expansionism. Today, China, which is increasingly dependent on imported oil,
seeks close ties because Iran is a major oil exporter. Iran, for its part, has sought Chinese arms and technology primarily because they are available and cheap.

Iraq was a major recipient of Chinese arms in the 1980s, although China has adhered to the UN arms embargo against Iraq since Iraq's invasion of Kuwait in 1990. If UN sanctions are lifted, military cooperation with Iraq will likely resume. As with Iran, China seeks not only commercial benefits but also to strengthen ties to important oil producers such as Iraq. Baghdad, for its part, will almost certainly try to rebuild its military, and the cheap price and ready availability of Chinese arms will make them attractive.

North Korea has received Chinese arms for many years, but transfers have diminished recently. During the Cold War, China sought to reduce North Korea's dependence on the Soviet Union by providing conventional weapons; however, no new arms deals have apparently been signed since the late 1980s. With the collapse of the Soviet Union, an economic crisis in North Korea, and China's desire to avoid instability on the Korean peninsula, Beijing now maintains its influence in Pyongyang through other means. Arms sales are unlikely to resume until Pyongyang acquires the ability to pay with hard currency.

Myanmar has gone from purchasing no Chinese arms prior to 1989 to becoming one of China's most important customers for conventional weapons in the 1990s. As with Pakistan, Beijing seeks to use arms sales to Myanmar to complicate India's security planning. China also seeks to acquire access to Myanmar facilities in the Indian Ocean, protect China's commercial interests in Myanmar, and bolster a fellow authoritarian state in a democratizing world. Rangoon, which shares Beijing's concerns about New Delhi, has few alternative suppliers and appreciates Beijing's assistance with developing Myanmar's infrastructure.

Thailand was a major recipient of Chinese conventional weapons in the late 1980s and early 1990s, but the arms relationship appears to have ended. Thailand received weapons as gifts or at nominal prices. Beijing's motivations in making these transfers included countering Soviet and Vietnamese influence in Southeast Asia and extending Beijing's own influence in the region. Thailand accepted Chinese
weapons to deter Vietnam, because Bangkok was not certain that the United States would continue to supply arms, and because of their low cost. Further significant arms transfers from China to Thailand are unlikely, however, because of Thai dissatisfaction with the quality of Chinese weapons, Vietnam’s withdrawal from Cambodia, the renewed availability of U.S. arms, and Thailand’s current economic difficulties.

MOTIVATIONS

Countries seek Chinese weapons because they are available, cheap, and easy to use and maintain. China is one of the few countries willing to sell arms to “pariah” states such as Iran, North Korea, and Myanmar. Beijing also has been willing to pass on technology related to nuclear and chemical weapons as well as to ballistic missiles. Demand for Chinese conventional weapons has fallen significantly since the 1980s, however, as a result of the ending of the Iran-Iraq war, a decline in interest in cheap Chinese weapons after Operation Desert Storm, and the availability of more advanced Russian designs.

On the supply side, China’s arms sales can be explained by a combination of strategic and commercial motivations. Strategic concerns include a desire to strengthen foes of China’s rivals and to expand China’s political influence in regions such as the Middle East and Southeast Asia. China also seeks to maintain its defense industries in the face of diminished domestic procurement, generate foreign exchange earnings for the country as a whole and for the defense industries in particular, subsidize research and development programs by including foreign recipients in the customer base, and stimulate technological progress by competing in foreign markets.

In general, however, strategic factors outweigh commercial ones. Arms sales represented a significant portion (roughly 7 percent) of China’s export earnings in the 1980s, but today they are only a small fraction of China’s total sales abroad. Indeed, many of China’s recent transfers were subsidized, and Beijing has refrained from sales to possible foes, indicating that strategic concerns guide most sales.
SOURCES OF RESTRAINT

China’s attitudes toward the dangers posed by arms sales and proliferation have gradually evolved into a more nuanced understanding of the problem and the costs involved in remaining outside the international nonproliferation community. Prior to the 1980s, China opposed limitations on arms transfers. Since 1992, however, China has joined a number of nonproliferation regimes and has generally complied with the letter, if not the spirit, of these agreements. Increasingly, Chinese officials appear aware of some of the dangers of proliferation.

Beijing continues to contribute to the NBC and missile programs of other states, but it does so through loopholes in existing regimes. China provided nuclear assistance to Iran and Algeria, but this assistance was consistent with the Non-Proliferation Treaty (NPT). In 1995, however, China transferred ring magnets to Pakistan, in probable violation of the NPT (although these magnets are not explicitly mentioned on the International Atomic Energy Agency [IAEA] Trigger List). Similarly, China has provided Iran with equipment and materials that could be used in the manufacturing of chemical and biological weapons, although this equipment is not banned by the Chemical Weapons Convention or Biological Warfare Convention. In 1992, China pledged to abide by the Missile Technology Control Regime (MTCR), but violated its spirit later that year when it transferred M-11 ballistic missile components to Pakistan. China has not transferred complete systems since reaffirming its commitment to the MTCR in 1994, but has continued to provide technical assistance to the ballistic missile programs of Iran and Pakistan.

The United States has a modest ability to influence China’s arms transfers. Beijing wishes to be seen as a responsible member of the international community, and the United States has used this desire to prevent certain transfers—particularly those to Iran and Iraq. Control over important technology provides the United States with another source of influence over China’s arms transfers. Nonetheless, Beijing is sensitive to the appearance of a double standard with regard to arms transfers and is resistant to the idea that it should curtail its arms sales to countries objectionable to the United States.
Greater allied support would facilitate U.S. ability to influence Beijing.

The argument that China’s arms transfers are not under Beijing’s control is fallacious. All important arms sales must have the approval of the top leadership. The export control system for dual-use equipment and technology is much weaker, by contrast, and it is possible that dual-use goods that violate China’s various nonproliferation commitments could be transferred without the knowledge of China’s leadership. However, Beijing has been strengthening its export control regulations in recent years.

POLICY IMPLICATIONS

Regardless of U.S. efforts to limit China’s arms sales, some transfers will inevitably occur. Most of China’s conventional weapons are unsophisticated and do not present a significant threat to the United States if transferred. Of most concern are China’s transfers of technology related to nuclear weapons, chemical weapons, and missiles. Given the limitations on the U.S. ability to stop these transfers, the U.S. military in general, and the U.S. Air Force in particular, must prepare for the possibility of future conflict with regional adversaries, such as Iran, who are armed with longer-range ballistic missiles and perhaps even nuclear or chemical weapons.