On March 22, The Washington Free Beacon's Bill Gertz reported that China would sell a new round of nuclear reactor technology to Pakistan at the Chashma Nuclear Power Complex in the Punjab region. Several countries have argued that this transfer could violate Beijing's pledges as a member of the Nuclear Supplier Control (NSG) to not sell nuclear materials, technologies, and related equipment to states outside the nonproliferation regime. Pakistan lacks a comprehensive safeguards agreement with the International Atomic Energy Agency, one of the NSG guidelines for nuclear exports.

The exact details of this reported deal are still unknown as official comments on the still developing story remain vague and parsed. China essentially confirmed that a deal was reached between the China National Nuclear Corporation (CNNC) and the Pakistan Atomic Energy Commission (PAEC), but specific details were not discussed and Beijing pushed back against accusations of NSG violations.

In this Nuclear Debates in Asia Digest, we examine a number of important questions raised by the news:

- What are the specific terms of the deal? Does it represent a fundamentally new nuclear sale that violates NSG guidelines or is the transfer merely a continuation of previously arranged China-Pakistan nuclear cooperation?
- How have China and Pakistan responded to these reports and accusations?
- What is the response of the United State and other NSG members to these reports?
- How could this reported deal influence regional nuclear energy and nonproliferation networks?

**CHINA**

**Background:**
China joined the NSG in 2004 after building two reactors at the Chashma site. Several years later, CNNC agreed to build two new reactors, Chashma-3 and Chashma-4, that will possibly be commissioned in the coming years. Beijing claimed that these reactors should be "grandfathered" into a long-term China-Pakistan nuclear cooperation agreement signed before 2004.

A number of NSG members raised these concerns at last year's NSG meeting in The Netherlands, but were met with similar Chinese resistance to canceling the deal. These NSG members complain that as of last year's NSG Plenary Meeting, China has not provided proper documentation to adequately clarify that Chashma-3, Chashma-4, and this possible new Chashma-5 reactor or reactor upgrades were pre-2004 commitments.

This latest deal should be understood in the context of China's long-standing nuclear cooperation with Pakistan that goes back decades. Feroz Hassan Khan, a 30-year professional in the Pakistani Army who had a senior
role in the creation of Pakistan's security policy, wrote about the origins of this collaboration in his recent book *Eating Grass: The Making of the Pakistani Bomb*. Khan wrote that though "one of the most closely guarded secrets in Pakistan is the specific nature of its nuclear agreements with China," the two countries signed a strategic agreement in May 1976 that "included military, nuclear, and other civil agreements." (p.171)

Since both China and Pakistan were ultimately denied "certain Western technologies" through sanctions and nuclear suppliers groups, "their relationship was mutually beneficial - every piece of technology that Pakistan managed to acquire would be available to the Chinese for reverse engineering, providing Pakistan an opportunity to develop its engineering expertise." (p.171) For example, when in response to India's 1974 nuclear explosive test Canada abandoned the Karachi Nuclear Power Plant (KANUPP), a Canada Deuterium-Uranium (CANDU)-type heavy water reactor that uses natural uranium as fuel, it built for Pakistan, the "reactor faced a possible shutdown unless Pakistan could produce its own nuclear fuel and heavy water. Under these circumstances Bhutto struck a deal with Beijing: in return for technically supporting KANUPP, China would have access to KANUPP's Western technology." Khan concluded that: "Such cooperation created a framework of trust and reciprocity between Pakistan and China that eventually led to a broad-based nuclear cooperation." (p.193) Pakistan appealed to China's sympathies as the Soviet Union withdrew its support of Beijing in the mid-1950s, leaving China to "face technical and resource challenges on its own."(p.128) On September 15, 1986, China and Pakistan signed a new nuclear cooperation agreement that resulted in the first reactors at the Chashma site. Beijing later used this 1986 agreement to justify future reactor sales as "grandfathered" contracts signed before China joined the NSG in 2004.

**Latest deal:**
Media sources in China have been generally silent on the most recent kerfuffle. *The Free Beacon* story reported that an official internal notice to officials within China's nuclear establishment and regional political leaders stressed the need to avoid any leaks of information about the possible controversial nuclear deal. Top foreign policy officials have since defended the contracts.

- China's Foreign Ministry spokesperson Hong Lei told reporters that "China has noted the [Free Beacon] report" and that China's nuclear energy cooperation with Pakistan would continue. He added: "I want to point out that relevant cooperation between China and Pakistan does not violate relevant norms of the NSG. In recent years, China and Pakistan have carried out some cooperation in the field of civilian nuclear cooperation. All this cooperation is for peaceful use and this cooperation is in compliance with our respective international obligations and subject to the safeguards of the IAEA."

- *The Free Beacon* article suggested that China sought to keep a tight lid on the nuclear deal to avoid "negative publicity" that could "upset [China's] leadership transition" and irk the United States, which is serving as this year's rotating head of the NSG.

**PAKISTAN**

The editorial pages in many Pakistani newspapers were similarly silent on the possible nuclear deal. *The Free Beacon* story reported that the most recent China-Pakistan deal was likely signed in Beijing during a February 15-18, 2013 visit by a delegation from the Pakistan Atomic Energy Commission. Immediately after that visit on February 20, Pakistan's Ministry of Foreign Affairs released a statement that highlighted its engagement with nonproliferation regimes, including a trilateral meeting at the Nuclear Suppliers Group's January meeting in Turkey.

- The MOFA statement concluded: "These interactions are part of Pakistan's concerted effort to engage with the international export control regimes, in pursuance of the direction received from the National Command Authority (NCA) chaired by the Prime Minister." It continued that Pakistan was "keen" to join international export control groups and that "Pakistan's export control regime is compatible with the guidelines of [Missile Technology Control Regime], NSG, and [Australia Group]."

- Finally, the statement declared: "Pakistan is being viewed by the international community as a responsible nuclear weapon state that is firmly committed to the non-proliferation of WMDs and their delivery systems on a non-discriminatory basis."

- This press release ran in China's *Xinhua newspaper with the headline: "Anti-Proliferation Body Praises Pakistan's Export Control Steps."*
Several newspapers in India, such as *The Hindu* and *The Times of India*, ran stories based on *The Free Beacon's* reporting as well as China's reflow that the deal "did not violate the norms" of the NSG. The nuclear deal was unearthed at a time when India and China publically discussed the need for increased relations between the two rising powers. Indian Prime Minister Manmohan Singh and Chinese President Xi Jinping met on Wednesday, March 27 on the sidelines of the BRICS Summit. At this meeting, *The Indian Express* reported that Singh raised China's dealings with Pakistan as a possible "impediment to advancing India-China relations." Other sources indicated that Xi "made a pitch for India and China to boost military contact and deepen trust." *Xinhua and China Daily* wrote that Prime Minister Singh hoped "that India and China would respect each other's core interests and major concerns, deepen mutual strategic trust, strengthen coordination and cooperation on international affairs, and safeguard peace and stability in the region and the world at large."

- Commentary in the *Deccan Chronicle*, a newspaper based in Hyderabad, India, argued that China's nuclear sales to Pakistan could complicate this push for closer India-China ties. The papers writes: "Nevertheless, China should understand that mollycoddling of Pakistan acts as a limiting factor." It continued that China's "approach in supplying nuclear reactors to Pakistan, do not help matters, although Beijing has surprised everyone by maintaining that the latter is in conformity with its international obligations on nuclear non-proliferation."

- Uday Bhaskar, a distinguished fellow at the Society for Policy Studies in New Delhi, wrote a column for *Reuters* that echoed this concern: "One of India's major concerns is the nature of the deep and opaque China-Pakistan nuclear and missile cooperation. This strategic cooperation that has no precedent in recent history will remain a major constraint in India-China bilateral ties and its resolution or lack thereof can either make or stall the Asian century, harmonious development and related rise of both China and India."

**UNITED STATES**

News reports quoted anonymous U.S. government officials objecting to the planned China nuclear sale. However, public criticism remains limited. After China announced the deal to supply Chashma-3 and Chashma-4 in 2010, nuclear trade expert Mark Hibbs reported that some NSG states doubted that the United States would "openly criticize the Chinese export" due to competing Obama administration foreign policy goals, including bilateral security dialogue with Pakistan, China's support for sanctions on Iran's nuclear program, and sensitivity to claims of discrimination in how it treats Pakistan after granting India a favorable nuclear cooperation agreement in 2008.

- An unnamed State Department official quoted in the original Free Beacon story indicated that the sale was not permitted under the U.S. understanding of China's application to the NSG, which specifically prohibited additional reactor transfers to the Chashma site. The official added: "We remain concerned that a transfer of new reactors at Chashma appears to extend beyond the cooperation that was 'grandfathered' in when China was approved for membership in the NSG."

- The bilateral U.S.-China nuclear cooperation agreement is up for renewal in 2015. Hibbs, senior associate at the Carnegie Endowment's Nuclear Policy Program, believes that the issue could come up in forthcoming negotiations on renewing the expiring deal.

- Hibbs also suggested that it was possible China could be using the latest nuclear sale to Pakistan as a bargaining chip to trade for increased flexibility in exporting a 1,000 megawatt pressurized water reactor (PWR) to the global market. China, France, and the United States dispute whether the current 1,000 MW PWR design is entirely indigenous or if the intellectual property rights are shared by French, U.S., or other companies, which would limit Chinese exports of the design.

**MOVING FORWARD**

In the months ahead, the Rising Power Initiative's Nuclear Debates in Asia project will continue to study these developments as a number of questions remain outstanding:

- Exact deals of the deal: New reactor? Existing reactor upgrades? Site location?
- How long will the exact details of this reported new deal be kept under wraps?
- What impact will these developments have on the credibility of the Nuclear Suppliers Group as the rising demand for nuclear energy in Asia may place additional pressures on nonproliferation goals?
Nuclear Debates in Asia Digest: Examining China's Nuclear Technology Sales to Pakistan

- How will the most recent China-Pakistan nuclear deal influence U.S.-China nuclear cooperation agreement negotiations?

The NUCLEAR DEBATES IN ASIA DIGEST of the Rising Powers Initiative informs policymakers and media professionals of the ongoing debates in China, India, Japan, Pakistan, South Korea, Taiwan, Thailand, and Vietnam on issues and events related to nuclear energy and nonproliferation. The Rising Powers Initiative includes a research project that tracks the domestic debates and discussion in these countries on these issues. This project is supported by a grant from the MacArthur Foundation.

For further information and analysis, follow the project on Twitter at @Westmyer or visit the project website and blog at http://www.risingpowersinitiative.org/projects/nuclear-debates/

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