



China and Pakistan's Nuclear Collusion

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Last week the Chinese Foreign Ministry all but confirmed that it plans to sell its longtime ally Pakistan a new 1,000-megawatt nuclear reactor. The deal, reportedly signed in February, is a cause for concern in Washington. Though nominally a U.S. ally, Pakistan already has the world's fastest-growing nuclear-weapons arsenal and one of the world's worst nuclear-proliferation records. It is a country perpetually under threat from religious fanaticism, political instability and economic mismanagement.

The sale also poses a serious threat to the legitimacy of the international nuclear regulatory regime. Since 1974, the Nuclear Suppliers Group (NSG), a 46-member body, has been tasked with safeguarding the international transfer of nuclear materials. In recent years, China and Pakistan have flouted the group's oversight of materials that can be used to make nuclear weapons. Whether the nuclear deal sets the NSG on a slide into dangerous irrelevance depends on Washington's next move.

The last time the NSG figured prominently in the news was in 2005, when the U.S. and India reached a deal on civil nuclear cooperation. The origins of today's dispute trace back to the aftermath of that earlier agreement.

Because India, like Pakistan, had refused to sign the Nuclear Non-Proliferation Treaty, New Delhi at the time was isolated from nuclear commerce with the outside world. The U.S.-India deal promised to lift those restrictions, but only after India obtained a nuclear-trade waiver from the NSG and signed a "safeguards agreement" that would give the International Atomic Energy Agency (IAEA) access to inspect India's civilian nuclear facilities for the first time.

The safeguards agreement was obtained with relative ease, but when the nuclear deal moved to the NSG, China, as one of its members, withheld its endorsement, citing the need for "balance" between nonproliferation and nuclear energy. Only after U.S. President George W. Bush personally phoned Chinese President Hu Jintao did China relent, uninterested in being the lone objection.

With the U.S.-India deal confirmed, Pakistan, India's longtime rival, immediately pressed Washington for a similar agreement. But unlike India, Pakistan had accumulated an abysmal proliferation record thanks to top scientist A.Q. Khan's peddling of nuclear secrets to rogue states. The country was also mired in a struggle to stem a tide of Islamist militancy. Washington gently declined.

So Pakistan resorted to another option, reaching a nuclear deal with China that was officially announced in the spring of 2010. Under the deal, China and its state-owned firms would help construct two 340-megawatt nuclear reactors at the Chashma facility in Punjab province. Beijing would cover 80% of the financing for the \$1.9 billion project. In the previous decade, China had already helped finance and build twin reactors at the same facility.

Nonproliferation experts implored the Obama administration to challenge the new China-Pakistan nuclear deal. They believed it violated China's commitments to the NSG, which prohibits member states from exporting nuclear material to countries such as Pakistan that are not a party to the Nuclear Non-Proliferation Treaty. China and Pakistan had already secured a safeguards agreement, but the State Department insisted that the NSG, and not the IAEA, was the appropriate venue to discuss nuclear sales to Pakistan.

Beijing disagreed. It sought to avoid going to the NSG, arguing that there was no need for a waiver because the two new Chashma nuclear plants had been grandfathered in when China joined the NSG in 2004. Unmentioned by Beijing was the possibility that a waiver application for an unstable Pakistan might have been rejected by the NSG. To proceed in the face of such disapproval from NSG would have put China in blatant violation of the nuclear regulatory regime. By avoiding the group altogether on the basis of a loophole, Beijing sought to maintain some semblance of legality, however suspect.

Yet with no further objections from the Obama administration the China-Pakistan deal proceeded, and then faded quickly from the headlines. Nonproliferation experts hoped the affair was a one-off, sparing the NSG any irreparable damage so long as China never sought to use the "grandfather" loophole again.

That, it seems, was wishful thinking. The latest China-Pakistan nuclear deal will again put the NSG's relevance on the line, and put U.S. officials in a bind. If Beijing again refuses to seek an NSG waiver—and early statements from Chinese officials suggest that avoidance is likely—Washington's options are limited. Attempting to expel China from the NSG would deprive the group of international legitimacy. However, if the White House does not force China to seek an NSG waiver, the reactor's construction would represent an equally serious blow to NSG's credibility, not to mention global security.

One middle path floated by scholars at the Carnegie Endowment for International Peace involves drafting a new, separate set of criteria within the NSG to govern nuclear trade with countries that have yet to sign the Nuclear Non-Proliferation Treaty. The U.S. would then insist that China use this process if it wants to move forward with sales to Pakistan.

The Obama administration cannot afford to sit by and once again do nothing. After all, it has made nuclear nonproliferation issues a pillar of its foreign policy. Now that the NSG's credibility is threatened, if the president does not mount a more effective challenge to the newest China-Pakistan deal, he may find his own credibility on the line as well.