



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

MAY 15 1984

B-204811

The Honorable Al Swift, Chairman
Special Subcommittee on U.S.
Trade with China
Committee on Energy and Commerce
House of Representatives



Dear Mr. Chairman:

Subject: Exports of Dual-Use, Nuclear-Related
Equipment to the People's Republic of
China (GAO/NSIAD-84-115)

This letter is in response to your May 9, 1984, request for information concerning the export of dual-use, nuclear-related equipment to the People's Republic of China (PRC). As shown in our September 1983 report,¹ the Department of Commerce approved 1,080 licenses to export dual-use, nuclear-related items to the PRC during the period July 1, 1981 to June 30, 1982.

Dual-use, nuclear-related items consist of equipment which has conventional business or scientific uses but can also be used in the design, fabrication, testing or production of nuclear explosives or special nuclear material (e.g., weapons grade uranium or plutonium). Such dual-use items had been sold to over 120 countries, but the PRC had the largest number of approved export licenses (over 10 percent of the total) valued at about \$103 million. Enclosure I shows the top 36 buyers which account for 90 percent of the licenses issued.

A further analysis of data from Commerce's computerized management information system showed that about 80 percent of the dual-use, nuclear-related equipment licensed for exports to the PRC was for computers and related equipment. Other categories of dual-use equipment licensed for export to the PRC included measuring and calibrating test equipment, oscilloscopes, image processors, pressure measuring equipment, numerical control equipment, communication/detection tracking equipment, and

¹"Controlling Exports of Dual-Use, Nuclear-Related Equipment" (GAO/NSIAD-83-28, dated September 29, 1983).

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lasers and laser systems. Enclosure II presents a more detailed breakdown of the dual-use, nuclear-related equipment approved for export to the PRC.

SCOPE AND METHODOLOGY

We made our review in accordance with generally accepted government auditing standards. Our data came from computer tapes provided by Commerce's Office of Export Administration containing information on over 10,000 licenses issued from July 1, 1981 to June 30, 1982. When Commerce officials provided us with the computer tapes in 1983, they informed us that approximately 1,200 additional cases were not included because of the backlog in updating their computer files. Information on the tapes, therefore, represented about 90 percent of all cases for that period and was the best readily available information on validated export licenses for dual-use, nuclear-related items. We did not verify all the data in Commerce's management information system but did check a few specific cases back to the original documents and found that the information in the system for these cases generally was accurate.


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We have recently requested computer tapes from Commerce's management information system so that we can update statistical information on the exports of dual-use, nuclear-related items. We would be happy to provide you with the results when they become available.

In addition, two prior GAO reports--(1) "The Nuclear Non-Proliferation Act of 1978 Should Be Selectively Modified" (OCG-81-2, dated May 21, 1981) and (2) "Evaluation of U.S. Efforts To Promote Nuclear Non-Proliferation Treaty" (ID-80-41, dated July 31, 1980)--may also be useful to the Subcommittee in its deliberations on the U.S.-China nuclear agreement for cooperation. If we can be of any further assistance please let us know.

We are also sending copies of this report to other interested congressional committees and the Departments of State, Energy, and Commerce. Copies of the report will also be provided to others upon request.

Sincerely yours,


Frank C. Conahan
Director

Enclosures

36 Top Buyers of Dual-Use, Nuclear-Related Equipment
July 1, 1981 to June 30, 1982

<u>Country</u>	<u>Licenses issued</u>		<u>Amount</u> (millions)
	<u>Number</u>	<u>Percent</u>	
People's Republic of China (note a)	1,080	10.56	\$ 103.3
India (note a)	776	7.59	64.3
South Africa (note a)	619	6.06	164.1
Israel (note a)	618	6.05	102.3
Taiwan	537	5.25	69.3
Japan	507	4.96	25.8
Argentina (note a)	496	4.85	66.1
Czechoslovakia	406	3.97	29.6
Brazil (note a)	392	3.84	111.1
Spain (note a)	351	3.43	63.1
Federal Republic of Germany	343	3.36	21.5
France (note a)	339	3.32	54.3
United Kingdom	325	3.18	22.9
Saudi Arabia (note a)	288	2.82	179.3
Hungary	227	2.22	24.0
Chile (note a)	221	2.16	49.3
Italy	125	1.22	8.9
Soviet Union	116	1.14	8.6
Switzerland	107	1.05	1.7
Romania	106	1.03	21.0
Bulgaria	104	1.02	8.3
Iraq	102	1.00	31.0
Australia	100	0.98	6.0
Kuwait (note b)	92	0.90	52.5
Netherlands	91	0.89	4.8
Egypt	86	0.84	9.4
Pakistan (note a)	82	0.80	12.3
United Arab Emirates (note a)	81	0.79	34.8
German Democratic Republic	78	0.76	5.1
Poland	72	0.70	7.7
Yugoslavia	69	0.68	2.4
Sweden	66	0.65	3.5
Republic of Korea	57	0.56	11.1
Oman (note a)	52	0.51	6.3
Mexico	52	0.51	2.7
Libya	48	0.47	6.4
Total	<u>9,211</u>	<u>90.12</u>	<u>\$1,394.8</u>

^aNot a party to Nuclear Non-Proliferation Treaty as of Oct. 1983.

^bHas signed, but has not ratified the Nuclear Non-Proliferation Treaty.

Dual-Use, Nuclear-Related Items Licensed By
Commerce For Export To The People's Republic of China^a
July 1, 1981 to June 30, 1982

<u>Item</u>	<u>Licenses Issued</u>		<u>Amount</u>
	<u>Number</u>	<u>Percent</u>	
Electronic computers and related equipment	863	79.91	\$95,403,817
Measuring and calibrating test equipment	73	6.76	2,161,823
Oscilloscopes	39	3.61	516,975
Electric/electronic equipment	18	1.67	114,064
Communication/detection tracking equipment	18	1.67	470,525
Numerical control equipment	16	1.48	774,242
Lasers and laser systems	15	1.39	397,102
Photographic equipment	12	1.10	51,482
Pressure measuring equipment	5	0.46	888,885
Image processors	3	0.28	1,348,120
Precision linear/angular measuring equipment	3	0.28	193,220
Presses and specialized controls/accessories	3	0.28	304,060
Nuclear reactor/nuclear power plant-related equipment	2	0.19	22,130
Electron video tubes/specialized components	2	0.19	3,938
Photomultiplier tubes	2	0.19	4,221
Zirconium metal/alloys	1	0.09	500
Neutron generator systems	1	0.09	22,500
Filamentary materials	1	0.09	3,600
Thermoelectric materials/devices	1	0.09	349,500
Cathode-ray tubes	1	0.09	27,761
Flatbed microdensitometers	1	0.09	283,520
Total	<u>1,080</u>	<u>100.00</u>	<u>\$103,341,985</u>

^aDeveloped by GAO from data in Commerce's computerized information system.