

**Testimony of
The Honorable Peter Lichtenbaum
Acting Under Secretary for Industry and Security
United States Department of Commerce
Before the House Armed Services Committee
and the House International Relations Committee
on the “EU Arms Embargo Against China”**

April 14, 2005

Chairman Hunter, Chairman Hyde, Members of the Committees:

Thank you for the opportunity to testify today on the EU’s arms embargo against China and the United States’ position regarding the EU’s possible lifting of this embargo.

The Administration is very concerned about the national security implications of sensitive technology transfers to China. Accordingly, the Administration is working hard to convince the EU member countries to refrain from lifting the arms embargo. The United States continues to oppose such action strongly. I also would like to take this opportunity to discuss current U.S. policy regarding dual-use exports to China.

The Most Sensitive Dual-Use Items and Technology Are Already Controlled for Export to China

The Administration’s opposition to the lifting of the EU arms embargo is consistent with U.S. policy toward the export of sensitive dual-use items and technology to China. Indeed, the United States has an extensive body of law, regulation, and policy in place to control such exports and prevent diversion to Chinese military end-uses.

As background, the organization that I lead, the Department of Commerce's Bureau of Industry and Security, is responsible for implementing dual-use export controls. Dual-use commodities are commercial items that, while not designed for use as weapons, delivery systems, or for terrorist purposes, have the potential for these types of misuses. Sensitive dual-use items are on the Commerce Control List (CCL), which tracks, but also goes beyond, U.S. commitments under multilateral export control regimes. Items are included on the CCL after full coordination with the interagency community, including the Departments of State, Defense, and Energy.

BIS works with the interagency community (including the Departments of State, Defense, Energy, Homeland Security, and Justice) to promote and defend the national security of the United States. BIS's principal objective is to ensure that direct exports from the United States and reexports of U.S.-origin items from third countries are consistent with national security and foreign policy interests, without imposing unnecessary regulatory burdens on U.S. exporters or impeding the flow of legitimate trade. The ultimate goal is to prevent U.S.-origin items from falling into the hands of rogue nations, terrorists, and those who would use the goods and technologies against us and our allies.

Under current law and regulations, almost all exports and reexports of dual-use U.S. origin items to Chinese military end-users or end-uses require a license. BIS and its interagency export control partners carefully evaluate proposed exports of dual-use items to China on a case-by-case basis, taking into account the type of item to be exported, and the proposed end-user and end-use. Under our regulations, BIS does not issue licenses for sales of dual-use items and

technology to China if the item or technology will make a direct and significant contribution to the PRC's electronic and anti-submarine warfare, intelligence gathering, power projection, or air superiority. Further, BIS under this Administration does not approve licenses for military end-users or end-uses within China.

In the licensing process, BIS and other agencies evaluate the risk of diversion of the item to military or proliferation-related end-uses. If there are questions about the bona fides of the end-use/end-user, BIS conducts pre-license checks and post-shipment checks to reduce the risk of diversion of items and technology for an end-use other than the authorized end-use. In 2004, we reached an end-use visit understanding with China that has been very useful in mitigating this risk, by providing an effective mechanism to verify the bona fides of end-users and end-uses in China. Thus far, China has fully adhered to the terms of the end-use visit understanding.

The United States Strongly Opposes Lifting of the EU Arms Embargo Against China

For more than a year, members of the EU have raised the possibility of lifting the embargo on military sales to China that was imposed in the wake of the 1989 Tiananmen Square massacre. The United States has clearly and consistently opposed such action.

While we acknowledge efforts by European and Chinese officials to enhance their mutual ties and cooperation, we strongly believe that lifting the arms embargo is not warranted either by progress by China in the area of human rights or on security grounds. Indeed, we believe that lifting the arms embargo could have a destabilizing effect in the region. We have made these

concerns known to our European allies on multiple occasions. The President and Secretary of State Rice have raised it with their counterparts. Senior-level delegations from the State Department and the Pentagon have visited many EU countries to discuss this issue.

We know that the future of the EU arms embargo is still under consideration. The Administration will continue to discuss this important issue with EU governments to ensure that any decisions the EU takes will not undermine our shared goals of regional stability and respect for human rights.

The Administration appreciates the bipartisan congressional statements opposing the lifting of the arms embargo and making clear the consequences of such action. Such statements have made clear to our European allies the importance of this issue to the United States. Recent developments seem to suggest that our European allies are taking more time to carefully consider whether it is appropriate to lift the arms embargo at this time.

The United States will continue to make our case to our European allies against lifting the arms embargo. We will make clear that there could be significant implications for the U.S.-EU strategic and trade relationship if the EU were to lift this embargo.

Thank you.