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US mum over China's links to Iran

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China and the United States have been down a rocky road together over the past two decades with respect to China's missile technology transfers to Iran. Today, China's ongoing contributions to the buildup of Iran's missile forces warrant closer scrutiny.

The opening by Iran of a new missile production plant in March will enable Iran to further quickly expand its supply of Nasr anti-ship missiles. Although no Chinese officials attended the opening ceremony, there are Chinese footprints all around this facility. [1]

In addition, Iran is preparing to launch several satellites. As in the case of North Korea, each of these Iranian satellite launches will generate its own shockwave in the West, and will spark further debate about the inability of the US and its allies to deal effectively with Iran and its significant technological advances.

In early 2008, Stephanie Lieggi, a research associate at the California-based James Martin Center for Non-proliferation Studies, wrote a white paper entitled "China's Trade with Iran under Western Scrutiny as Beijing Considers Next Move".

She wrote in the report, "Many recent assessments of China's export control system have pointed to positive movement in controlling sensitive dual-use items and a recognition by Chinese authorities of the need to control the transfer of such items to countries like Iran." [2]

At the time Lieggi's paper emerged, the next phase of an already planned expansion of Iran's anti-ship missile production capabilities was already in motion. This new missile plant suggests strongly that perhaps the "positive movement" which Lieggi spoke of earlier has now ceased, but Lieggi disagrees and labels China's efforts to control its companies' activities in Iran as "mixed".

"Chinese export controls have come a long way in the last 10 years, but the major problem with regards to trade with Iran is that China's leadership does not have the political will to stop some deals, especially if there are powerful companies like China Precision Machinery Import and Export Corporation [CPMIEC] involved and if the technologies aren't necessarily on China's control lists ... There is a notable difference with enforcement of export controls when the company involved is not a powerful state-owned enterprise."
China's control lists cover ballistic missile technology, but there is still debate about how far cruise missile technology should be controlled.

According to Jane's Information Group, CPMIEC is state-owned and oversees the production for export of a variety of anti-ship missiles including the HY-1, YJ-1/ C-80, HY-3/C-301 and YJ-2/C-802 medium-range anti-ship missiles, to name just four. [3]

Last year, the New York County District Attorney's Office uncovered a multinational funds transfer apparatus overseen by the Iranians and revealed that a long-running supplier of banned missile components and weapons to Iran. It listed a Chinese company known as LIMMT Economic and Trade Company Ltd, along with various front companies, as providing Iran with many critical materials in great quantity. Iran was close to obtaining sophisticated equipment and tons of additional material for its nuclear and missile programs when investigators put an end to this network. [4]

Keep in mind that we are talking about an enforcement action that took place in 2009, not 1999.

The US Treasury Department was active in this investigation as well.

"Today we are acting under our [United Nations] Security Council and other international obligations to prevent these entities from abusing the financial system to pursue centrifuge and missile technology for Iran," said US Under Secretary for Terrorism and Financial Intelligence Stuart Levey.

A Chinese individual, Li Fangwei (also known as Karl Lee), the commercial manager of LIMMT, "created front companies to access the global financial system. In doing so, LIMMT had to juggle multiple aliases and confronted operational difficulties and customer confusion.

"LIMMT instructed its customer, 'you are kindly required NOT to inform our following previous identifying information to US bank or US Treasury Department ... What you should do is let them know that SINO METALLURGY & MINERALS INDUSTRY CO, LTD is a company who is NOT related to LIMMT company and any other Company on the Specially Designated National (SDN) list of US Department of the Treasury's Office of Foreign Assets Control (OFAC)'", according to the US Treasury Department. [5]

Besides LIMMT and its eight front companies, Khorasan Metallurgy Industries (KMI), Kaveh

Cutting Tools Company, the Amin Industrial Complex, Yazd Metallurgy Industries and Shahid Sayyade Shirazi Industries were among the Iranian companies targeted.

Another Iranian company, Niru Battery Manufacturing Company, was found to "be owned or controlled by, or acting or purporting to act for, or on behalf of, directly or indirectly, the Iranian Ministry of Defense and Armed Forces Logistics (MODAFL)".

KMI is a subsidiary of Iran's Ammunition Industries Group which is owned by Iran's Defense Industries Organization (DIO), and has ties to Iran's ballistic missile sector. Niru Battery provides power units for Iranian missile systems.

DIO and Iran's Aerospace Industries Organization which oversees missile-related research and development as well as many ballistic missile entities - perhaps even the new anti-ship missile plant - in Iran are controlled by MODAFL.

Lee, in effect, was just the tip of the iceberg.

Besides this case in the US last year, nuclear-related items are often being brokered by Chinese companies for delivery to Iran via Taiwan in order to avoid the licensing requirements in the Chinese system. The case of Yi-Lan Chen, a Taiwanese businessman arrested in Guam earlier this year, may fit this pattern.

"This is somewhat telling," said Lieggi. "China's nuclear-related controls are more solid than their missile-related controls. And in these cases it appears that China's enforcement efforts were relatively successful, at least in deterring domestic companies from trying to export out of China illegally."

In mid-May, US Deputy Secretary of State James Steinberg gave a speech at the Washington, DC-based Brookings Institution entitled "US-China Cooperation on Global Issues". Steinberg said nothing at all about the new missile plant in Iran or China's contribution to the steady buildup of Iran's missile forces. [6]

"The cat is out of the bag so nothing is being said about the US dropping the ball in general when it comes to China's conventional arms exports to Iran today especially dual-use exports," said John Pike, director of GlobalSecurity.org, a private firm in Virginia which addresses emerging security challenges.

Lieggi was not surprised that the plant was not mentioned "in such a public forum - if for no other reason, there really has not been firm reporting on it".
"The issue is important to the US administration [which is] continuing to push the issue of missile-related transfers with Beijing; just not in place of discussing nuclear issues," said Lieggi.

Some say the silence in Washington, DC has been deafening lately.

"President [Barack] Obama's April nuclear summit, ostensibly designed to highlight the threat of nuclear terrorism, failed to produce any mention of China's critical role in creating the necessity

for such a summit," said Rick Fisher, senior fellow at the International Assessment and Strategy Center in Washington, DC.

Does the US seek to avoid irritating China at all costs especially at a time when the imposition of additional sanctions on Iran is so close at hand?

Lieggi disagreed and offered as evidence the lack of more movement by the US on China's application to join the Missile Technology Control Regime (MTCR), and on issues regarding high technology trade to China, "which the US administration is still not budging on". It is this ongoing Chinese-Iranian cooperation in the realm of anti-ship and cruise missile development "and the legal ambiguities involved that keep the US from agreeing to allow China to be admitted to the MTCR".

"These are issues that the Chinese continue to raise at bilateral meetings and continue to be a thorn in China's side," said Lieggi. "Some within the Obama administration recognize that China is not a monolithic creature and that some players within the Chinese system can be worked with cooperatively, like on the issue of Iran's nuclear program, even if you do not like the activities of other factions within the same system."
The US has bargained with China before over missile-related transactions and done so with limited success.

"The US pressured the Chinese to stop missile sales to Iran during the [Ronald] Reagan administration, and part of the understanding reached at the time involved Chinese access to the international commercial space launch services market," said Gregory Kulacki, senior analyst and China Project Manager for the Global Security Program at the Massachusetts-based Union of Concerned Scientists. "President George W Bush and the [US president Bill] Clinton administration justified continuing cooperation with China on commercial space launch services, despite the Tiananmen sanctions, on these grounds."

The new missile plant in Iran does not represent the start of a new phase in the Chinese-Iranian joint arms development process, according to Uzi Rubin, chief executive officer of Rubincon Ltd, an Israeli missile defense consultancy.

"Iranian missile production is not undergoing any significant changes in 2010," said Rubin. "The rate of production has been and is still quite high. It stands to reason that the production is dependent on some parts and materials from Chinese sources, but this is not new."

Rubin does not detect any sign that China's missile-related contributions to Iran's missile programs are increasing.

"There is no indication that the Chinese contribution to Iran's missile program is escalating. Nor do any specific trends in Iran's current program seem to bear any relationship to China. It is simply that China is already light years away from where Iran is. The influence seems to come from North Korea and perhaps from Russian entities rather than China," said Rubin.

Iran continues to improve its Noor anti-ship missile as well. This is now described as an

upgraded and air-launched version of China's C-802 missile, but with longer-range, over-the-horizon capabilities.

"The Iranians are very clever in exploiting existing designs for uses beyond original specifications. If they found a way to launch the C-802 from an aircraft, I would not be surprised, The Chinese are not necessarily involved in that," said Rubin. "There may have been some Chinese assistance in turning the old Chinese rocket-propelled Styx [Silkworm] into Iran's jet-propelled Raad [a long-range anti-ship missile that Iran deployed along its coast five years ago]. The small jet engine in the Raad could well be Chinese."

According to Pike, when US pressure on China in the past successfully prevented direct transfers to Iran of certain missiles, Iran simply obtained them via Pakistan, and "not directly from China".

In addition to China and Pakistan, countries like Russia, Ukraine and North Korea have played a role in Iran's missile program over the years. According to Dr Geoffrey Forden, senior research associate at the Massachusetts Institute of Technology's Program on Science, Technology and Society, Iran's Safir ballistic missile/satellite launch vehicle (SLV) which was used to launch Omid - Iran's first satellite - shares certain design elements with the North Korean U'nha-2 ballistic missile/SLV, for example.

"The Simorgh SLV - which Iran developed after the Safir - still appears different than the U'nha-2," said Forden. "On the other hand, the Safir's second stage is the same as the U'nha-2's third stage. I don't know if the U'nha-2's first stage is the same as China's DF-3 [missile's] first stage. I suspect not."

According to German space and missile expert Norbert Brugge, the Simorgh uses North Korean Nodong engines whereas the Unha-2 uses Chinese YF-2 engines from the DF-3 missile. [7]

"Judging from the pieces of missile technology that have been seen in the Safir, it appears that they come from Russia as opposed to China," Forden told Asia Times Online in March 2009. Rubin disagreed at the time with Forden's statement that Russia was the source of the Safir technology.

"It could as well come from China or Ukraine," said Rubin, who added that a seizure in Bahrain of tungsten bars being shipped from China to Iran was firm evidence that, "Chinese entities are still engaged in the proliferation of ballistic missile technology in the Middle East and probably elsewhere, but there is no evidence or hint that the shipment represented official Chinese government policy." [8]

This quick primer is not just an attempt to encapsulate the ongoing debate about how all these missile builders and their components fit together, but it is an indicator of how Iran has reached out to others besides China to achieve its objectives on the launch pad. Yet China's role is central to the intricate problem confronting the US and its allies today.

"Iran, North Korea and Pakistan remain for China valuable nuclear and missile proxies for tying

down the Americans, Indians, Japanese and others," said Fisher. "There is one common link: China's nuclear and missile technologies that have been spread directly or indirectly."

As this traffic in missile technology expands - more rapidly than the US might be willing to admit - and while it may no longer emanate from China exclusively, it nevertheless results in the injection of sophisticated tactical strike weapons overtly into theaters where US forces must then adapt and adjust their everyday movements and actions accordingly based on the constant threat posed by the presence of these new weapons.