

the condition under section 902(a)(6)(B)(ii). Submitted herewith, in accordance with the requirements of section (b)(2) of Public Law 99-183, is a report in unclassified form detailing the history and current developments in the nonproliferation policies, practices and assurances of the People's Republic of China. Because of the information controls that apply to the classified report, I am transmitting it by separate letter to the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence.

In accordance with Public Law 99-183, I have certified as to three matters:

(A) That the reciprocal arrangements made pursuant to Article 8 of the Agreement have been designed to be effective in ensuring that any nuclear material, facilities or components provided under the Agreement shall be utilized solely for intended peaceful purposes as set forth in the Agreement.

The arrangements for exchanges of information and visits are provided for in a Memorandum of Understanding initialed on June 23, 1987. Side notes on protection of business confidential information were signed on October 22, 1997. These documents, along with a detailed explanation of my certification, are enclosed. These arrangements will provide the United States with the right to obtain all the information necessary to maintain an inventory of the items subject to the Agreement. This will include information on the operation of facilities subject to the Agreement, the isotopic composition, physical form and quantity of material subject to the Agreement and the places where items subject to the Agreement are used or kept. The arrangements also provide the United States with the right to confirm through on-site visits the use of all items subject to the Agreement. Finally, the arrangements apply as long as the provisions of Article 8(2) of the Agreement continue in effect, that is, as long as items subject to the Agreement remain in China's territory or under its jurisdiction or control. My determination that these arrangements have been designed to be effective in ensuring that items provided under the Agreement are utilized for intended peaceful purposes is based on consideration of a range of factors, including the limited scope of nuclear cooperation

permitted under the Agreement, U.S. export-control procedures that will apply to any transfers to China under the Agreement, the fact that the People's Republic of China is a nuclear-weapon state and that the safeguards of the International Atomic Energy Agency (IAEA) or their equivalent are not required by the Atomic Energy Act for agreements for cooperation with nuclear weapon states. These arrangements will be published in the *Federal Register* using the procedure applicable to subsequent arrangements under section 131(a) of the Atomic Energy Act.

(B) That the Government of the People's Republic of China has provided additional information concerning its nuclear nonproliferation policies and that, based on this and all other information available to the United States Government, the People's Republic of China is not in violation of paragraph (2) of section 129 of the Atomic Energy Act of 1954.

The United States Government has received additional information from the People's Republic of China concerning its nonproliferation policies since the enactment of Public Law 99-183 on December 16, 1985, most recently, China's May 1996 statement, its May 1997 State Council Notice on nuclear export policy and its September 1997 nuclear export control regulations (all of which are discussed in the enclosed unclassified report on China's nonproliferation policies and practices). On the basis of this and all other information available to the United States Government, I conclude that there is no legal bar to cooperation in this area, and, in particular, that paragraph (2) of section 129 of the Atomic Energy Act does not foreclose nuclear cooperation. The Government of the People's Republic of China has made substantial strides in joining the international nonproliferation regime, and in putting in place a comprehensive system of nuclear-related, nationwide export controls, since the nuclear cooperation agreement was concluded in 1985. I believe the initiation of cooperation under the Agreement will bring significant nonproliferation benefits to the United States.

(C) That the obligation to consider favorably a request to carry out activities described in Article 5(2) of the Agreement shall not prejudice