A study by security experts of a British university said that a Chinese businessman, who has been accused of supplying prohibited technology to Iran, may have begun manufacturing a key component of guidance systems for ballistic missiles, seriously threatening international peace and security.

The Alpha Project of King’s College of London, in a report said that Li Fang Wei, who is accused of being a “serial proliferator” with several aliases including the name Karl Lee, is believed to have begun manufacturing fiber optic gyroscopes, an advanced technology that could be used in guided missiles.

“In particular, if confirmed, any moves by Li to manufacture fiber optic gyros should be viewed as one of the most urgent challenges to global non-proliferation efforts,” the study, authored by Daniel Salisbury and Ian Stewart, said.

“Not since AQ Khan (known as the father of Pakistan’s first nuclear weapon) has a manufacturer of proliferation-sensitive technologies so brazenly and repeatedly sold their goods
for use in prohibited programs despite ongoing attention from national and international authorities."

A U.S. District Court in New York in April indicted Li on charges of wire and bank fraud, conspiracy to violate the International Emergency Economic Powers Act (IEEPA) as well as two counts of violation of the IEEPA. He was previously sanctioned by the United States for his alleged role as a principal supplier to Iran’s ballistic missile program.

The U.S. Department of State also offered an unprecedented five million dollar reward for information leading to the arrest or conviction of Li, who is on the Federal Bureau of Investigations "Wanted List."

The King’s College Report, which was released Monday, said the indictment and amount of the reward were important signs to China regarding the importance Washington assigned to the case in relation to non-proliferation efforts and U.S.-Chinese relations.

“However, there is no evidence to suggest that China has taken any non-proliferation specific actions against Li and his network,” the report said. “The Chinese government has responded to recent US actions stating that it ‘will harm bilateral cooperation on counter proliferation’.”

The report says Li, who has a vast network of companies, is believed to be developing manufacturing facilities for advanced missile guidance components, including the type of fiber optic gyroscopes that he had previously be accused of attempting to acquire on behalf of Iran.

The case study also said information uncovered suggests that Li has been the owner or manager of a substantial graphite factory in Dalian, China, since 2006. It said the plant is believed to be supplying international customers with materials on the Missile Technology Control Regime’s control lists.

“Fiber optic gyros are one of the most advanced guidance technologies with potential uses in missiles, and any move by Li to manufacture such technology in light of other concerns about his activities must be viewed as a grave threat to international peace and security,” the report
Study sees possible manufacture of guidance systems by a Chinese proliferator as a threat to peace said.

The report said the case highlights urgent need that China improve trade controls if non-proliferation efforts related to Iran and North Korea are to be successful.