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“Partnerships for Nonproliferation”

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“Overview of the Current Proliferation Environment”

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Introduction

It is an honor to be invited to speak, for first time, at the International Export Control Conference. This is my first time at this forum. I hope it will not be the last.

The time slot I was asked to fill used to be called the “threat briefing.” It was wise to change the name. My institute, the IISS, similarly moved away from the “Threat” word. We focus instead on “Capabilities” – (in the titles, for example of two recent Iran dossiers, on missiles and on nuclear, chemical and biological capabilities) or “challenges” (for example in the title of our 2011 dossier on North Korean security challenges).

I was asked to discuss the vulnerabilities in the non-proliferation system that enable the development of capabilities of concern and also to illustrate the need for partnership for nonproliferation to strengthen strategic trade controls systems around the world.

Positive developments

The good news is that the system is not broken. Proliferation is not the terrible disaster that once was feared. It may sound counter-intuitive for somebody in the non-proliferation analysis business to say this. Our livelihoods depend on there being a problem – and the bigger the problem is seen to be, the more that analysts like myself will be in demand to pontificate about it. But the truth is that the number of proliferators is relatively small. The vast majority of nations are global good citizens that adhere to the rules in carrying out non-proliferation obligations. Contrary to JFK's warning 50 years ago, the number of nuclear-armed states isn't 20-30, but still in the single digits: 9. One more state, Iran, seems to be discreetly knocking at the door of the nuclear club, loudly proclaiming it doesn't want to be a member but doing all it can to complete the membership requirements short of actually building a bomb. Let us hope that wisdom prevails, so that Iran's fatwa against nuclear weapons is fully honored.

The number of known or suspected holders of chemical weapons has similarly been reduced to a single digit and the number continues to drop as declared stocks are eliminated. Confirmed evidence of biological weapons programs is very hard to come by, especially in the absence of a verification system for the Biological Weapons Convention. It is fair to say that the global norm against biological weapons has strengthened.

The global non-proliferation system has significantly improved over the past decade. UNSCR 1540 is perhaps the most important of these improvements because it plugged a gap in a system that was previously directed primarily at state actors. By addressing the transfer of sensitive technology and material to non-state actors, and by applying export-control requirements universally, the resolution filled two gaps in the non-proliferation regime. You will hear more about this from the next speaker. Let it suffice for me to say that while implementation is still too spotty, 1540 crucially established a new norm: that states are responsible for what leaves their borders.

The past decade has also seen several country-specific Security Council resolutions that created new international obligations regarding trade and other transactions with North Korea, Iran,

Somalia and certain non-governmental entities in Sudan. Implementation is again spotty, but the universal rules these resolutions created are important non-proliferation tools. The UN General Assembly has also added new non-proliferation tools. In April 2005, it unanimously adopted the International Convention on Suppression of Acts of Nuclear Terrorism, which entered into force two years later. The convention established a legal framework for greater international cooperation in the investigation, extradition and prosecution of nuclear terrorists. Various sets of *ad hoc* arrangements have similarly tightened the global non-proliferation regime. The Proliferation Security Initiative, the Global Initiative to Combat Nuclear Terrorism, and the strengthening of the various export control regimes are welcome developments.

A handful of countries that previously gave grounds for proliferation concern no longer are viewed as problematic. Several states that had weak or even non-existent export control laws and that consequently were caught up in the nuclear black market enterprise led by Abdul Qadeer Khan have new laws in place and appear to be serious about implementation. The role that the US, Japan, the EU and others played in helping these countries develop their export control systems is a laudable example of the partnership theme of this conference.

The number of nations that have been categorized as countries of proliferation concern has shrunk over the past ten years. Iraq, Libya and Syria all once were pursuing nuclear weapons programs. Today none of them are. The case of Syria, however, still poses a number of unanswered questions regarding the plutonium-production reactor that was destroyed in 2007. And Syria's stockpile of chemical weapons, the fourth largest in the world, presents particular concerns given the instability within the regime. Syria's CW stockpile, by the way, was apparently produced with assistance from foreign sources, including precursor chemicals and key production equipment. So I wouldn't remove Syria from the list of problem countries. But at least it no longer has a nuclear weapons program, as far as one can tell.

Myanmar is another country that has been the focus of deep interest because of its apparent dabbling in nuclear technologies with weapons applications, its questionable import of machine tools with uncertain end-use intentions, and its military interactions with North Korea. Today, Myanmar appears to be coming in from the cold. One of the pay-offs from its move toward

democratization may be a new posture of transparency about its nuclear program and a move away from its partnership with North Korea.

The most notorious of the non-state actors have also been removed from the proliferation business. A. Q. Khan is still making waves in Islamabad by periodically giving untoward press interviews. His house arrest penalty for his proliferation activity is insufficient payment to society for the ills he caused, and it can hardly be a deterrent to any would-be imitators. But at least Khan is no longer selling nuclear weapons-related merchandise and technology. For him, that ended around the end of 2003. Likewise for all 40 of his known global associates in Pakistan, Germany, Switzerland, Dubai, South Africa, Malaysia and elsewhere. Lower-level suppliers in Khan's loosely organized network may still be lying low, or maybe even still operating in the margins. Decapitating the nodes of non-hierarchical networks does not necessarily eradicate the enterprise. But those suppliers are no longer connected to a global, multi-faceted supply chain. Most recently, three Swiss members of Khan's network -- Urs, Marco, and Freidrich Tinner – appeared in court last week, charged with crimes against Switzerland's war materiel act for assisting Libya's nuclear weapons program. The Tinnens were expected to plead guilty in a deal in an expedited trial that will avoid the need to publicly introduce embarrassing evidence.

A notorious black market merchant of small arms, Viktor Bout (pr Butt), has also been put out of business. His proven connection to arms sales that fuelled civil wars in Angola, Afghanistan, the Congo and elsewhere made Bout a symbol of the illicit global arms trade. Bout represented a new kind of transnational threat – criminals who control the sale, the transport and the financing of banned arms. After an arrest in Bangkok four years ago, he was extradited to the US and in a trial late last year was found guilty of all charges brought against him.

On the demand side, the most notorious of the non-state actors that have sought weapons of mass destruction suffered a serious blow in Abbottabad a year ago. Osama Bin Laden's death did not destroy Al Qaeda, but the organization is far less capable of mounting a WMD attack.

Lingering problems

Offsetting these positive developments, various forms of proliferation still present serious challenges to regional security and global order. The number of determined nuclear proliferators has been narrowed, but the two of greatest concern – North Korea and Iran – have been determined to flout the UN Security Council resolutions that mandate a stand-down from their proliferation challenges. Unfortunately, these countries continue to receive help from elsewhere. Their nuclear and missile programs are not self-sufficient, but they have made significant strides with foreign assistance. Although multi-purpose black market suppliers such as A.Q. Khan, the Tinners and Victor Bout have been put out of business, niche suppliers continue to provide prohibited technologies and dual-use items to programs of proliferation concern.

A glaring example of the problem was apparent when six vehicles showed up at the end of a military parade in Pyongyang on April 15, transporting what appeared to be new intermediate-range ballistic missiles. The missiles themselves were mock-ups. They might represent prototypes of a real system under development, but the new missile has never been tested and is not seen to present an immediate threat. More attention was devoted to the 8-axel transporter-erector-launchers that carried the mock-up missiles. Those of us in the non-proliferation business wondered where they came from, since North Korea cannot indigenously produce such sophisticated vehicles.

The probable answer was quickly supplied by missile experts who noted the striking similarity between the vehicles on parade in Pyongyang and those produced in China by the Wanshan Special Vehicle Co., which was established under a joint venture with the Minsk Automotive Factory. The Wanshan Special Vehicle Co is a wholly-owned subsidiary of the state-run China Aerospace Science and Industry Corporation, which manufactures ballistic missiles for the Chinese military. According to a knowledgeable journalist whose information needs to be confirmed, the Wanshan Factory, sold eight of the vehicles to North Korea in May 2011. North Korea had been seeking a road-mobile ballistic missile capability but was dependent on foreign suppliers for heavy-duty vehicle chassis. UNSCR 1718 explicitly prohibits transfer to North Korea of such vehicles. The Security Council Committee on North Korea sanctions is now investigating the issue.

No nation has accused the Chinese government of violating the Security Council resolution and China denies that it broke the sanctions. It should be noted that China's support for the sanctions resolutions against North Korea was crucial to strengthening the non-proliferation regime. The Wanshan Factory denies that it has trade links with the North Korean military. It is possible that the sale was through an intermediary, hiding the end user. The US government reportedly suspects that the Wanshan Factory did not sell North Korea an entire vehicle, but a chassis, and may have believed it was for civilian purposes.

The need for closer partnerships

I raise this issue not to point the finger at any country, but to illustrate the need for stronger partnerships between government and industry. Close communication with the central government might have alerted the Wanshan Factory of North Korea's pursuit of off-road heavy vehicles for its ballistic missiles. There are ways to check the end user before a sale.

Several countries have good systems in place to alert industry to such risky business. The United Kingdom, for example, has an extensive outreach program to industry that includes regular visits to exporters; development and publication of a code of conduct on effective export control compliance; a sophisticated website with several electronic tools for exporters; and publication of regulations, guidelines and other relevant information. The UK also shares lists of suspect end users with trusted exporters. Industry outreach programs are additionally an effective way for governments to obtain tip-offs of clandestine procurement attempts from those most likely to come across it first. Such forms of industry partnership are even more useful when done on a multilateral basis. It is easier to connect the dots to ascertain patterns of proliferation activity when information is collected more widely.

The IAEA Safeguards Department began such an informational outreach effort to nuclear-related industries several years ago. The agency's approach is to ask selected industries to volunteer information on which goods are being sought in the international marketplace. These include the dual-use goods that are vital to sensitive parts of the nuclear fuel cycle and which may indicate a

nuclear weapons program. The procurement outreach initiative is based on the premise that covert networks seeking nuclear-related goods and services on the open market are likely to leave visible traces. The initiative is in accordance with a 2005 IAEA General Conference resolution inviting all states to cooperate with agency efforts to verify and analyze information provided by member states related to nuclear supply and procurement.

Not all governments have been keen to cooperate with the IAEA in this effort. The vulnerabilities to be found in the global non-proliferation system stem, in part, from the fact that many governments are more concerned about what enters their country than what leaves it. Stakeholders in many developing countries in particular do not see proliferation or WMD terrorism as a real threat to their own security. Trade controls have typically been focused on internal security and safety.

Too few regulations incorporate a non-proliferation viewpoint, encompassing export, re-export, transit and transshipment. Even fewer include equipment and expertise. Intangible technology transfers and brokering are usually interpreted as part of anti-terrorism regulations banning the aiding and abetting of terrorist acts. Control lists in some countries follow the same pattern: a focus on hazardous materials (reflecting health, safety and environmental concerns) and no coverage of dual-use equipment. Meanwhile, legal advisers in some countries are uneasy with open-ended catch-all controls that are based upon the characteristics of the end-user. Some believe that infringements of such controls are not constitutionally prosecutable.

Stronger partnerships of various forms can be an effective way of addressing these weaknesses. It is an appropriate theme for this conference. I am sorry I cannot be here for the Wednesday session on partnership initiatives involving NGOs. My own institute, the IISS, is a founding member of a new initiative funded by the EU that last year established a network of European think tanks and academic institutions engaged in non-proliferation issues. The IISS is also part of another partnership initiative in which we have joined a tender to assist the EU CBRN Risk Mitigation Centers of Excellence in developing and transferring best practices concerning inter-agency CBRN response in Southeast Asia.

For the main part, however, my institute engages in research and convening activities to analyze security problems and to search for solutions. I personally give a lot of attention to North Korea and Iran. Were there time, I would tell you why I think the nuclear crises in both countries could explode this year – explode both politically and literally. But that is another speech. Time permitting, I would also explain why containment and deterrence are the best options for dealing with these crises. A point I raise in every talk is that export controls are a key ingredient to strategies to keep proliferation programs limited and contained. Those of you in the export control business are thus in the front lines of preventing both of the worst outcomes of the Iran nuclear crisis: an Iran with nuclear weapons and a premature use of military force against Iran.

I hope that strengthened partnerships will be successful in further strengthening strategic trade controls. And I wish you all a productive conference.