

Keynote Address
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Ladies and gentlemen, it is a pleasure to be with you today to address the important topic of nonproliferation and export controls. Globally, the proliferation threat is real, and it is getting worse. The news is filled with reports on the possibility of dangerous materials getting into the wrong hands. The headlines have included reports on the delivery of anthrax through the mail; about terrorists seeking radioactive sources to build dirty bombs; and stories about individuals using shoulder-fired missiles to shoot down civilian aircraft.

The United States and other nations have been working for decades to halt the spread of weapons of mass destruction and advanced conventional arms that threaten our safety and security. Given the magnitude of the threat, and the range of possibilities that I just mentioned we are redoubling our efforts. Keeping these weapons and their delivery systems out of the hands of rogue regimes, terrorist groups, and their supporters is a

difficult but vitally important challenge. The ever growing complexity of international trade, technological developments, and movements of people, goods, and information make it harder than ever to track WMD and the materials needed to make and sustain and use them.

Today, the threat presented by proliferation is also more diverse and unpredictable. Countries of concern, such as Iran and North Korea, themselves a great worry to us all, are becoming secondary proliferators, providing sensitive technology and assistance to other states or terrorist groups, and thereby adding to regional and global instability.

President Bush has urged all civilized nations to unite to defend themselves against those states, groups or individuals who would pursue terror and lawless violence. He has said that "every nation in our coalition must take seriously the growing threat of terror on a catastrophic scale - terror armed with biological, chemical, or nuclear weapons... Inaction is not an option. Men with no respect for life must never be allowed to control the ultimate instruments of death."

In the face of challenges such as that posed by Iran and North Korea, what's missing in today's international debate is a sense of outrage: outrage because the global standards of acceptable conduct that are well established in international law and norms are being violated by countries with increasingly threatening capabilities. The threat or the actual use of these capabilities are all the more horrific because their users are disdainful of these standards, are willing to violate freedom and the human rights of others, and because of their close ties to terrorist groups.

Proliferators need to know that they face isolation and consequences if their efforts continue. Ending the threat posed by Iraq's weapons of mass destruction sends a powerful signal to other proliferators that the world will not stand idly by. For example, North Korea must not be allowed to blackmail the international community.

As responsible, civilized nations, we need to bolster our efforts to urge restraint on dual-use materials and advanced conventional arms and to fully implement effective export control and border security policies. Too many companies and individuals are all too willing to export

dangerous, dual-use technologies and goods to questionable intermediaries and even known WMD end-users. The recent U.S.-EU Summit statement on nonproliferation stressed the importance of export control enforcement and implementation.

The United States employs a variety of tools both multilateral and bilateral to address this proliferation:

- First, we continue to work to tighten the multilateral export control regimes. In the Nuclear Suppliers Group (NSG), for example, we are seeking to make the IAEA Additional Protocol a condition of supply and to add so-called "catch-all" exports to the nuclear suppliers guidelines. We also assist countries in harmonizing national export controls with international norms, and improve export control enforcement. All of us need to incorporate the control lists of the multinational export control regimes into our domestic legislation. We need to enact effective WMD and conventional arms export control laws, including catch-all controls, arms brokering legislation and laws that effectively control intangible technology transfers. I'll have more to say

about the problem of intangible technology controls in a moment.

Nevertheless, while effective export control laws and regulations are an essential first step, I believe we can agree that they have little meaning unless they are fully enforced. So we also need to make clear that there is a price for violating the law.

- Second, where controls fail and international bodies are unable or unwilling to act, we believe interdiction is an option. Properly planned and executed, interception of critical technologies en route to dangerous end-users can help in the struggle against terrorism. At a minimum, effective interdiction can lengthen the time that proliferators will need to acquire new weapons capabilities, and demonstrates our commitment to combat the spread of weapons of mass destruction and their delivery systems. In some instances, interdiction can prevent proliferators from acquiring new capabilities. Procurement efforts are becoming increasingly sophisticated, and our efforts to halt those procurements must keep pace.

An example of our commitment to interdiction is the Proliferation Security Initiative (PSI), another important initiative to counter proliferation that was announced by President Bush on May 31, 2003. An essential component of this counterproliferation strategy involves working with other concerned states to develop new means to disrupt the flow of WMD, delivery systems, and related materials to and from states and non-state actors. Earlier this month, participants agreed to a Statement of Interdiction Principles that define steps needed for effective interdiction at sea, in the air, and on land.

- In addition to more effective export controls and counterproliferation tools, there are also sanctions. From the United States' vantage point, companies have a choice: sell to proliferators, or sell in the United States, but not both. When national controls fail, and where companies make the wrong choice, U.S. laws require that there be consequences. But sanctions are not truly effective if they are only applied by one country. It's important that the international community writ large responds in a like manner and force proliferators,

whether they are states, companies or individuals, to pay a high price for their actions.

Companies often assume export controls will put them at a competitive disadvantage. But an effective export control system actually prohibits very few transfers. In the larger picture, illegitimate trade is a small piece of a very large pie. The future lies in high-tech trade with legitimate end-users. Effective export controls will inspire confidence in trading partners that items are reaching their intended destinations and that shipments from any given country do not contain illicit and potentially devastating weapons of mass destruction or their components, or advanced conventional weapons. This will enhance, not hinder, a greater volume of legitimate trade.

The challenges we face as export controllers, licensing officers, and enforcement officials are high. The enemies we face have developed sophisticated, well-financed networks capable of transferring sensitive technology and know-how to the far reaches of the globe. Overall, more and more business today is conducted over the Internet and via fax. Transactions that previously took weeks to

arrange can now be completed in seconds. International trade is expected to move at "internet speed." That means that enforcement has a very small window to step in and stop an illicit export before it occurs.

In addition to the speed at which business occurs, it has also become much more global in nature. Physical location means little in the world of software development and business services. I mentioned earlier the problem of intangible technology transfers. Teams of software engineers from around the world routinely collaborate on software projects with no reference to borders or national entities. This makes enforcing export controls and safeguarding strategic technology an immense challenge. Clearly, there is much work ahead on the issue of controlling intangible technology transfers. Some have asserted that you can't control such transfers because doing so is an infringement on free speech. Not so. The United States requires licenses to assist a foreign nuclear program, and this includes passing technology via written documents or over the Internet.

Another key proliferation challenge is controls over Man Portable Air Defense Systems, or MANPADS. MANPADS are

short range surface-to-air missile systems specially designed to be portable by one or two men or mounted on a platform. MANPADS are relatively small and easy to conceal, and yet can be very lethal.

The G-8 is committed to reducing MANPADS proliferation and has called on all countries to strengthen control of their MANPADS stockpiles. Additionally, this year the Wassenaar Arrangement is working to strengthen its statement from 2000 on the "Elements for the Export Controls of MANPADS." The United States and others are urgently promoting the message, both bilaterally and multilaterally, that tightening controls over MANPADS is essential to global security. The September 11th tragedy had an enormous impact on the world's airlines. If a Manpads attack succeeded in bringing down a civilian aircraft, one can only imagine the devastating effect it would have on global air traffic and associated commerce with air travel and cargo.

The next three days present an invaluable opportunity for experts to work together on these and many other challenges. Halting proliferation of WMD and advanced conventional weapons has become a paramount priority of

global security that requires a global response. This conference is a critical step in developing that response. It brings together like-minded supplier and transit countries to work collectively and cooperatively to strengthen the global export control net comprised of national export control systems. Strengthening these systems is an essential step towards our shared goals of global security, protection of strategic goods and technology, and responsible global trade.

I want to thank all of you for taking the time to attend this important conference. I want to especially thank my Hungarian colleagues for giving me this special opportunity to share my concerns and those of my government on the critical issue of proliferation and export controls. I wish you all the best of success over the next three days.

Thank you.

Drafted by: NP/ECC:Jennifer Topping
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