

# **Nuclear Non-Proliferation and the Role of the Nuclear Suppliers Group(NSG)**

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## **Introduction**

- - This conference is important as we are meeting at a time of uncertainties and challenges caused by new threats such as international terrorism, development of nuclear weapons program, transnational organized crimes, etc. Just last week we observed the second anniversary of the 9/11 terrorist attacks which revealed that threats to the international security were more enormous and serious than we normally thought.
- - Obviously, the international community has been awakened by the 9/11 attacks, which evoked the potential use of weapons of mass destruction (WMDs) by non-state or sub-state terrorists. Recently, we are grappling with the systematic and deceitful nuclear weapons program by a couple of rogue states that crumbles the global non-proliferation regime based on the NPT. These challenges require an effective response based on information sharing, policy coordination and cooperation among concerned countries. This is all about what we are meeting here in Budapest.

## **Export Control as the Tool of WMD Non-Proliferation**

- - Export Control regime, a supply-side non-proliferation strategy, seeks to deny potential proliferators access to materials, technology, and information needed for the development of weapons of mass destruction (WMD). It is often argued that export control by itself cannot prevent a determined and well-funded proliferator from developing certain weapon systems, due to its inherent limitations.
- - However, we should not underestimate the value of export control system as the tool of WMD non-proliferation. It can slow the pace at which states or non-state actors acquire WMD by raising political and economic costs related to the acquisition activities. Delays afford the time for other non-

proliferation strategies such as economic sanctions or enhanced military deterrence capability to be exercised. Some say that India and Pakistan could have acquired their nuclear capabilities at least ten years earlier, if nuclear export control regimes, i.e. Nuclear Suppliers Group (NSG) and Zangger Committee (ZAC) were not in place. For examples, denial notification, no-undercut principle, and end-use control which are employed or will be employed by export control regimes, proved to be useful mechanism for stopping military sensitive items from falling into the wrong hands.

### **Current Challenges to Nuclear Non-Proliferation and the NSG**

- - Now about the NSG, Nuclear Suppliers Group. The NSG, one of the multinational export control regimes, was formed in 1974, earlier than other export control regimes and is now widely accepted and effectively contributing to the non-proliferation of nuclear weapons. The NSG has thus far established two sets of guidelines - Part I governing the transfer of nuclear goods and technologies and Part II governing the transfer of nuclear-related dual-use goods and technologies. It has now 40 member states and European Commission as an observer, among which there are 30 European states.
- - In recent years, the nuclear non-proliferation regimes such as IAEA safeguard system and the NSG have been challenged by a couple of state parties to the NPT. A state has cheated on its non-proliferation commitments for years and declared to break out of these commitments when its possession of nuclear weapons program was disclosed. This state has been allegedly engaged in the swap of nuclear and missile technologies with another proliferator. Another state appears to have pursued an entire range of nuclear fuel cycle infrastructure under the guise of peaceful uses of nuclear energy. These cases demonstrate how difficult it is to deter determined proliferators. No bars are insurmountable in their pursuit of nuclear ambitions. They are employing increasingly ingenious ways and means to evade export control systems in place in acquiring what they need from outside sources. That is why the NSG guidelines need to be strengthened and remain effective and relevant as a supplementary measure, in terms of plugging the loopholes of the IAEA Safeguards regime and counteracting the shortcomings of the NPT system.
- - The NSG aims to prevent the proliferation of nuclear weapons through the implementation of two sets of Guidelines for nuclear transfer and nuclear-related dual-use transfer. These guidelines and principles of the NSG have been designed to be consistent with legally-binding international

instruments in the field of nuclear non-proliferation and not to impede international nuclear trade and cooperation for peaceful uses of nuclear energy, as long as such cooperation would not contribute to military diversion or unsafeguarded nuclear fuel cycle. However, given the different perceptions on the proliferation risks involving commercial interests even among the members of the NSG, it is the daunting task to cope with current challenges by strengthening the guidelines.

### **Recent Developments of the NSG**

- - However difficult it is, we can not afford to fail in this task. The NSG has continued to evolve and adapt itself to the changing proliferation challenges and concerns by adjusting its guidelines and operational arrangements. Recently the NSG has achieved some impressive progress in meeting new challenges, particularly in the aftermath of the 9/11 terrorist attacks.

### **(Outcomes of the NSGs Extraordinary Plenary Session in 2002)**

- - In December 2002, the NSG held its Extraordinary Plenary session to address the new proliferation and security challenges including the threats of nuclear terrorism. Member states of the NSG agreed to strengthen the Guidelines to respond to the potential nuclear terrorism by amending INFCIRC/254/Part 1 and Part 2. These amendments are intended to prevent and counter the risks of diversion of nuclear exports for the purpose of nuclear terrorism. With these amendments, the NSG is better positioned to combat the threat of nuclear terrorism.
- - And with North Korea's another nuclear weapons program revealed at the time, member states of the NSG shared their concerns over North Korea's clandestine nuclear program, especially its intention to resume the production of HEU in violation of its non-proliferation commitments. The NSG called on all states to exercise utmost vigilance to ensure that their exports of goods and technologies under their territorial jurisdiction do not contribute to the North Korean nuclear ambition. Furthermore, the NSG Chair sent a letter to several non-NSG partners who can make a meaningful contribution to this matter. The letter referred both to NSG-controlled material and to material below the threshold but suitable for uranium enrichment and plutonium reprocessing which North Korea might seek to procure.

### **(Outcomes of the NSGs 2003 Plenary)**

- - 2003 NSG Plenary was held May 19-23 in Busan, Korea, attended by 37 out of 40 Participating Governments. At the meeting, the Group agreed to step up international cooperation to better respond to the challenges posed by

proliferators that are trying to acquire nuclear-related materials and technologies in ways that evade the existing export control systems.

- - The Group stressed strengthened outreach dialogues with non-NSG partners to prevent proliferators from exploiting possible loopholes of the international non-proliferation system. Special attention was given to the North Korean and Iranian nuclear programs. The Group emphasized the need for all transshipment points to be alerted to any North Korean procurement attempts. The Group urged Iran to resolve all outstanding questions about its nuclear program.
- - The NSG has continued to discuss ways to strengthen its export control measures in the Guidelines. At the Busan Plenary, member states of the NSG discussed the inclusion of a catch-all concept in the Guidelines to enhance the effectiveness of nuclear export controls. The Group agreed to further deliberate on this matter.
- - There was a general support for universal adherence to the Additional Protocol. Participating Governments intend to continue their discussion on the issue of the Additional Protocol as an NSG condition for supply.

#### **(Outreach activities by the Chair)**

- - In accordance with the mandate given by the 2003 Busan Plenary last May, the Republic of Korea as a current Chair of the Group is now conducting outreach dialogues with non-NSG states or potential nuclear suppliers such as China, Mexico, Indonesia, Malaysia, Egypt, Israel etc.
- - This dialogue primarily aims at enhancing the understanding by such states on the NSG's purpose and principles in implementing the Group's Guidelines. Perhaps we would further explore the possibilities of their future participation in the Group.
- - The Chair is also working on the new membership of Lithuania and Estonia, since they have expressed their intention to join the Group. Necessary measures will be soon taken in due course, maybe through intersessional procedures.
- - In order to promote transparency and openness with regard to the NSG activities, the regularly updated NSG website has been accessible to the public since May 2002.

#### **Conclusions - Tasks Ahead**

- - By and large, it is fair to say that the NSG since its inception has

contributed to preventing many states with nuclear ambition from acquiring the necessary goods and technologies. The NSG remains an effective tool as par with the IAEA safeguards system based on the NPT, in achieving the nuclear non-proliferation goal.

- - However, North Korean and Iranian nuclear issues have recently posed new threats to the international security and thus prompted us to strengthen the NSG as well as IAEA safeguards system. As discussed earlier, the 9/11 terrorist attacks have also alerted the international community to prevent nuclear or radiological weapons from falling into the wrong hands.
- - NSG participants should review the Guidelines from time to time to ensure that they are up to date to meet the evolving nuclear proliferation challenge. In particular, the NSG need to do more to cope with the possible nuclear terrorism, the potential transfer to non-state or sub-state actors, and clandestine trans-shipment of sensitive goods.
- - On the other hand, developing peaceful nuclear cooperation and facilitating the utilization of nuclear energy in developing countries will continue to be an essential element in NSG activities. In this regards, more vigorous efforts need to be made to make non-proliferation and trade purpose mutually reinforcing in the future work of the NSG.
- - NSG participants would also explore other means to cooperate more closely with non-NSG partners in the implementation of the Guidelines. Cooperation with other export control regimes is increasingly important as the proliferation challenges are diversified.

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