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**Trends in Proliferation:  
Threat Assessment**



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# Trends in Proliferation: Threat Assessment

- Terms
- A Global Problem
- The Threat
- Players and Processes
- Multinational Efforts
- Outlook

# Terminology

- **Arms Trade**: The legitimate buying and selling of weapons and dual-use items.
  - \$22-27 billion annually in conventional weapons over past three years.
- **Proliferation**: The spread of weapons and technologies that have negative consequences for regional and global security interests.

# Types of Weapons Trade

- **State-to-state**: Acquiring arms for national defense of police forces. Can involve intermediaries.
- **Gray Market**: Use of intermediaries to obscure ultimate buyer or seller.
- **Black Market**: Involves smuggling of stolen weapons, uses criminal networks, usually small scale.

# Proliferation: A Global Problem

- Countries of Concern
  - Seeking self-sufficiency
  - Aggressive denial and deception programs
- Non-State Actors
  - Terrorists
  - Criminal organizations

# Countries of Concern

- Sanctioned countries
  - International arms embargoes
  - Countries under US sanctions
- Countries in Conflict
  - Concern that influx of weapons could precipitate or extend hostilities
- Common transit countries

# State Sponsors of Terrorism

**Iran, Iraq, Syria, North Korea,  
Sudan, Libya, Cuba**

- State sponsors of terrorism compose a very small share of the arms market -- less than 2% since 1995.
- Russia and China supplied more than 70% of the arms and equipment delivered to state sponsors of terrorism in the 1990s.



# Proliferation: The Threat



# Priority Global Proliferation Concerns

- **Conventional Weapons**
  - Man Portable Air Defense Systems (MANPADS)
  - Small arms and land mines
  - Electronic warfare equipment (e.g., GPS jammers)
  - Night vision equipment
  - Spare parts for major systems

# Priority Global Proliferation Concerns

- **Biological Weapons**
  - BW production does not require unusual items
  - All production equipment is dual-use
  - Much BW research and development is dual-use
  - Cost is relatively low; easily produced
  - Easy to conceal
  - Can be weaponized in a variety of munitions
  - Technology is expensive and readily available

# Priority Global Proliferation Concerns

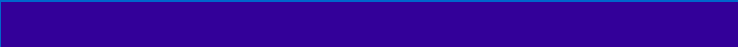
- **Chemical Weapons**
  - All production equipment is dual-use
  - Precursors are dual-use but indicate final product
  - Relatively inexpensive, but cost rises with increasingly corrosive resistant equipment

# Priority Global Proliferation Concerns

- **Nuclear Smuggling**
  - Short-cut to nuclear weapons capability
  - Material can be used to make radiological dispersement devices
  - Smugglers take advantage of porous borders



# **Proliferation: The Players and Process**



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# The Essence of Proliferation

**In its most basic sense,  
proliferation is Buyers and  
Sellers responding to market  
forces.**

# The Essence of Proliferation

Buyers seek weapons to meet military requirements, for political reasons, or economic considerations.

What Buyers want:

- Complete weapon systems
- Production equipment, often dual-use
- Materials, often dual-use
- Technology
  - Tangible
  - Intangible, intellectual capital

# The Essence of Proliferation

Sellers are driven almost exclusively by economics. Firms export because of insufficient domestic demand.

- Most countries cannot compete across-the-board in the global market--the US, Russia and UK control about 80% of the market--and face three options:
- Retreat from the market, go out of business
  - Specialize into niche products
  - Deal with “countries of concern”

# The Essence of Proliferation

- Buyers and Sellers value Risk Management.
  - Political/Diplomatic
  - Economic
  - Military
- The greater the negative repercussions associated with a deal, the greater the effort to conceal the transaction from third parties.

# Proliferation: End-to-End

- Development/Production
  - Design, testing, evaluation, production
- Marketing
  - Advertisements, brochures, arms shows
- Following the Deal
  - Offers, negotiations, contract, payment
- Following the Transfer
  - Delivery methods

# Proliferation Players

- Buyers/end-user
- Sellers/producers
- Procurement intermediaries
  - Brokers, front companies
- Financial intermediaries
  - Banks, money launderers
- Carriers/shippers/freight forwarders

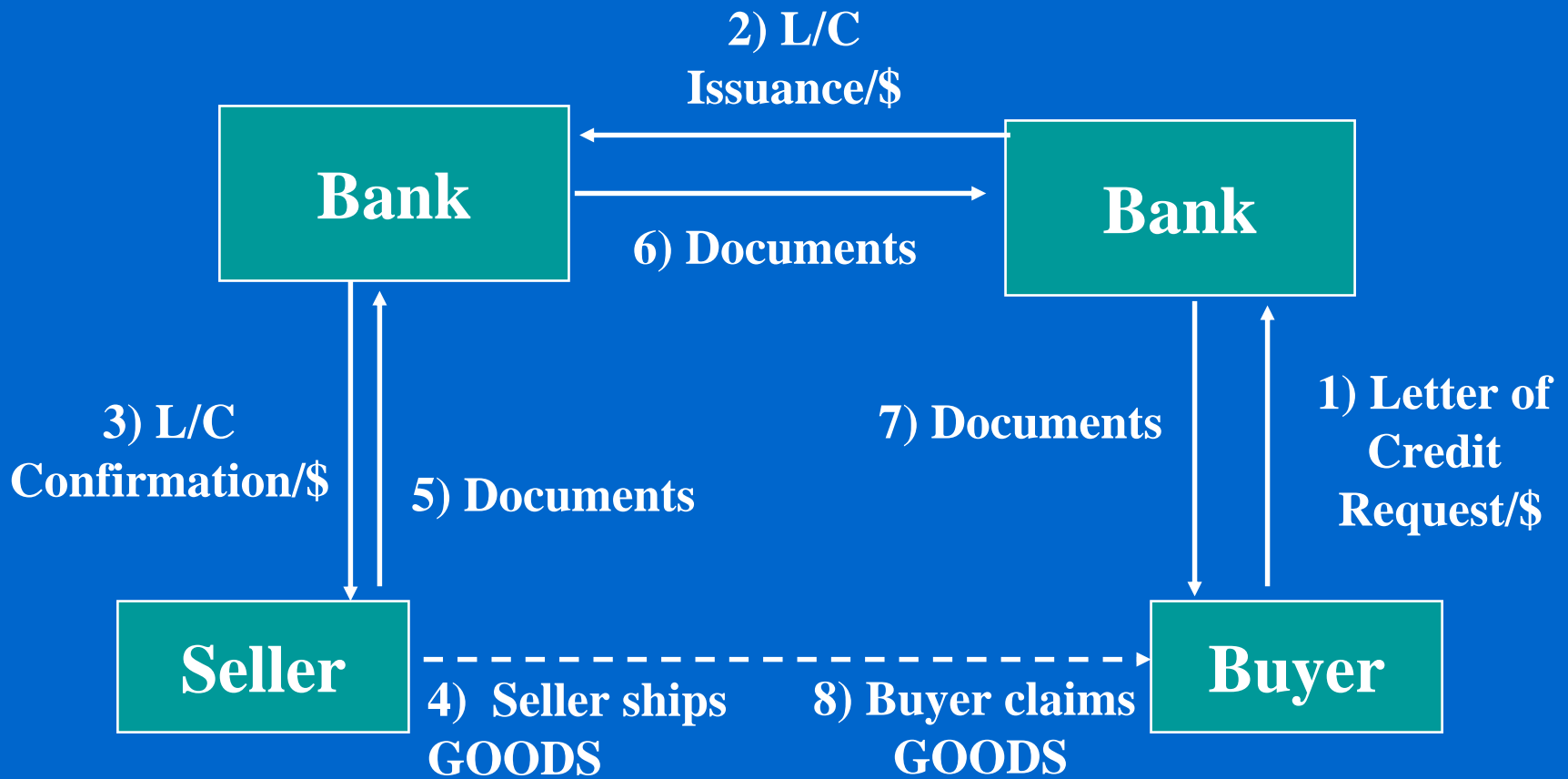
## • • • **Typical Fronts for Dual-Use Procurement**

- Agrochemical companies
- Petrochemical companies
- Chemical companies
- Pharmaceutical companies
- Universities
- Research institutes

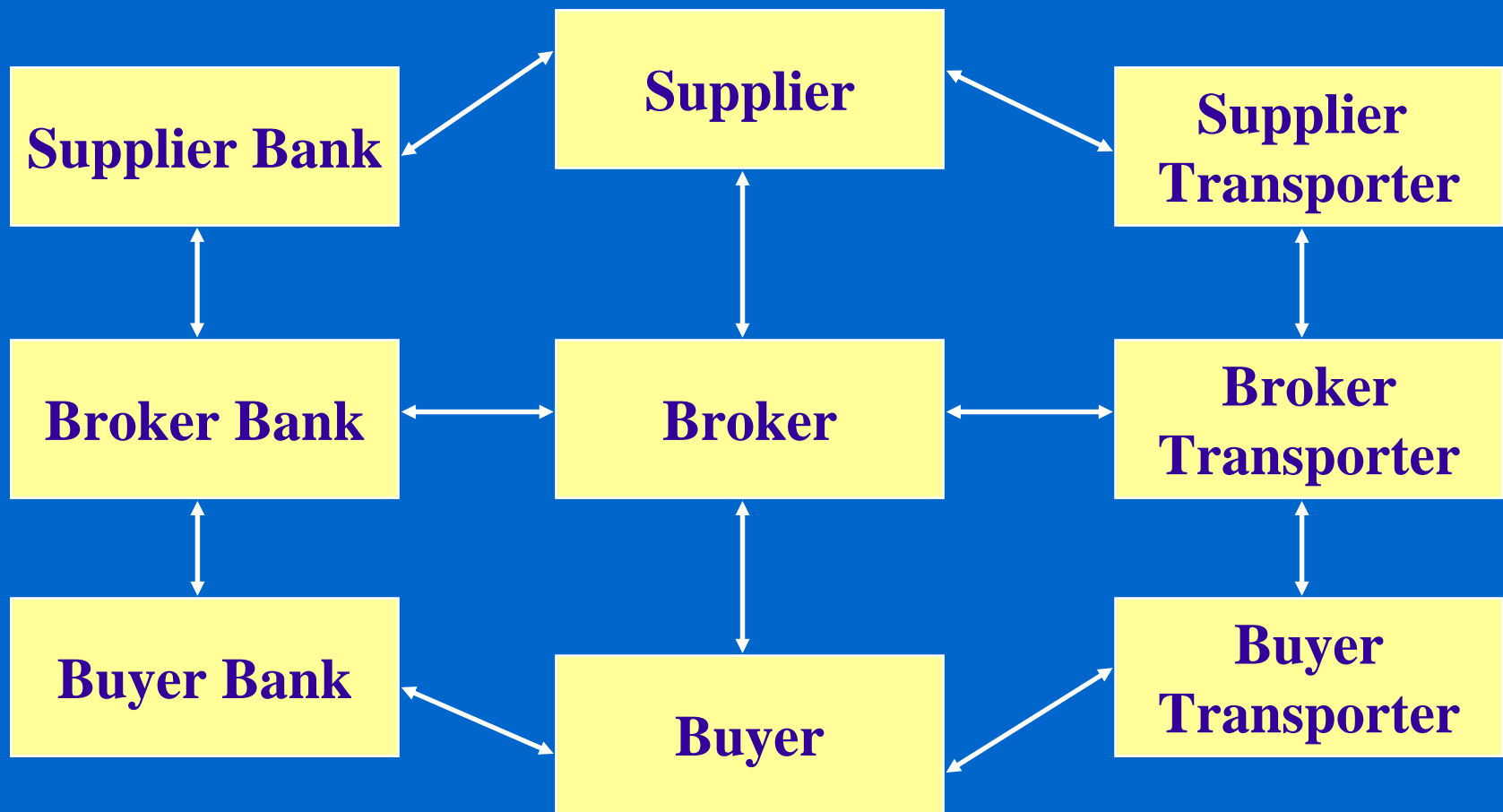
# Clues to Procurement Fronts

- Entity does not have clearly defined function or product
- Company does not appear in business directories
- Multiple entities use same address or phone numbers
- Entity refuses to allow seller to install or service equipment
- Entity acquires weapon-related items without prior history or explanation

# The Procurement Process



# The Financial Process: Gray Arms Market



## Examples of International Non-Proliferation Efforts

- **Australia Group:** *An informal consultative gathering of nations committed to ridding the world of chemical and biological weapons.*
- **Missile Technology Control Regime (MTCR):** *Member countries seek to limit the risk of proliferation of WMD by controlling transfers that could contribute to delivery systems.*

## Examples of International Non-Proliferation Efforts

- **Nuclear Suppliers Group:** *A group of nuclear suppliers that seeks to contribute to the non-proliferation of nuclear weapons through guidelines for nuclear-related exports.*
- **Wassenaar Arrangement:** *Contributes to regional and international security and stability by promoting transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies.*

# Outlook

- No sign that drivers behind proliferation-- economic, political, and military--will abate in near future.
- Can increase costs/risks to proliferators
  - Greater due diligence by companies
  - Strengthen and enforce export controls, licensing requirements, and brokering laws
  - Multilateral efforts

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Questions?