

2008



INTERNATIONAL NONPROLIFERATION EXPORT CONTROL PROGRAM



OFFICE OF GLOBAL SECURITY
ENGAGEMENT AND COOPERATION

ENGAGEMENT PLAN



Program Manager's Note

I am pleased to present the 2008 Engagement Plan of the U.S. Department of Energy National Nuclear Security Administration's (NNSA's) International Nonproliferation Export Control Program (INECP). The program promotes robust strategic trade control systems consistent with international norms and is an indispensable element of U.S. efforts to detect and prevent the illicit procurement of equipment, materials, and technological know-how by states and terrorist organizations seeking to develop weapons of mass destruction (WMD).

As part of NNSA's Office of Defense Nuclear Nonproliferation, and as one of several U.S. Export Control and Related Border Security (EXBS) Program partners, INECP is recognized worldwide as a premier provider of WMD-related export control training and technical assistance. INECP has trained over 7,500 licensing, compliance, and enforcement officers and specializes in establishing national cadres of nonproliferation technical specialists. These individuals are playing key roles in applying modern risk analysis procedures to their licensing processes and are training thousands of additional enterprise managers and frontline enforcement officers to prevent illicit strategic commodity transfers.

INECP selects partner countries based on the level of risk that they represent as potential suppliers and transshippers of WMD-related assets. Program experts then work with specialists in these countries to identify and address implementation gaps in national systems of export control. This rigorous approach to program execution was singled out for commendation in late 2007 by the U.S. Government Accountability Office (GAO).

Over time, changes in proliferation threats and technology cause new gaps to emerge in all export control systems. These changes require adaptation and renewed efforts to sustain robust strategic commodity controls. For this reason, as one of many organizations working internationally to help countries secure strategic trade under the nonproliferation and counter-terrorism mandate created by United Nations Security Council Resolution 1540, INECP will continue to support and expand partnerships that have proven essential to the maintenance of effective national export control systems. The Engagement Plan that follows should be of interest to those in and outside of government devoted to this aspect of the WMD nonproliferation mission.

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DOE/NNSA

NA-20 Defense Nuclear Nonproliferation

NA-24 Nonproliferation and International Security

NA-242 Office of Global Security Engagement and Cooperation

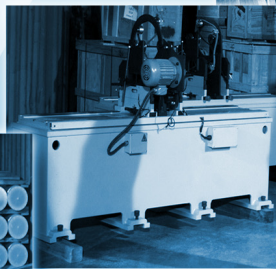
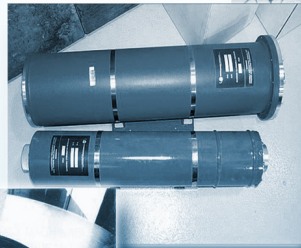
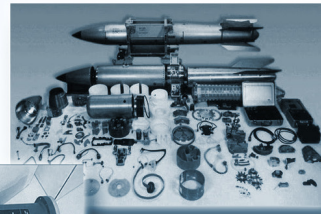
International Nonproliferation Export Control Program (INECP)

MISSION STATEMENT

Strengthen global efforts to prevent illicit transfers of materials, equipment, and technology related to weapons of mass destruction

There is no greater threat to global security and stability than the spread of weapons of mass destruction. Keeping WMD out of the hands of state and non-state actors requires a coordinated and substantial effort on the part of potential suppliers of the strategic goods and know-how needed to develop nuclear, chemical, and biological weapons and their delivery systems. Even advanced countries with elaborate trade control systems frequently lack the capacity to make those systems truly effective in detecting, deterring, and interdicting illicit WMD-related trade. INECP addresses this “implementation gap.”

Examples of strategic commodities used in the production and weaponization of nuclear material include gas centrifuge components and balancing machines, isostatic presses, and flash x-ray equipment.



MAKING EXPORT CONTROLS EFFECTIVE

INECP tailors its engagement with each partner country based on vulnerability assessments of three export control system elements in accordance with the norms and benchmarks established by various treaties and multilateral arrangements of the international nonproliferation regime.

1. ENTERPRISE COMPLIANCE: Enterprises must be alert to suspicious procurement activities. They need to know how their goods and services could contribute to WMD programs and apply for export permits or licenses as required. Extensive government outreach to these enterprises is essential.

VULNERABILITY ↑

- 5 No government knowledge of enterprises producing strategic technology or commodities
- 4 Key enterprises/sectors identified and generic guidance promulgated, but no dedicated government outreach
- 3 Outreach happening, but not to all key enterprises
- 2 Extensive resources to facilitate export control compliance and awareness exist
- 1 Self-sustainable, indigenous outreach to all key enterprises

Training for Enterprises:

Internal Compliance focuses on supporting government outreach efforts to promote awareness of national export control requirements. *Enterprise Outreach* also focuses on how commercial commodities and related knowledge could be diverted for use in the manufacture of WMD.



2. LICENSING ANALYSIS:

When enterprises apply for export licenses, government analysts must competently assess the proliferation risk associated with proposed strategic transfers by uncovering inconsistencies between the commodity, its stated end use, and the activities and credentials of the end user.

VULNERABILITY ↑

- 5 No export licensing authority or control list
- 4 Export licensing authority, but only rudimentary control lists and review process
- 3 Licensing process/agencies identified and control lists/regulations partially consistent with multilateral norms
- 2 Regulations/control lists consistent with multilateral norms, but only ad hoc links between technical expertise and “licensors”
- 1 Systematic competent proliferation risk evaluation and regulations/control lists consistent with multilateral norms

3. ENFORCEMENT: Customs inspectors must be specially trained to detect and interdict illicit shipments without unduly hindering legitimate commerce.

- VULNERABILITY** ↑
- 5 No export control training or technical expertise available to enforcement personnel
 - 4 Basic export control training for enforcement officials, but no technical reachback established
 - 3 Basic strategic commodity training for enforcement personnel and ad hoc referrals to technical experts
 - 2 Regularized strategic commodity control training for enforcement personnel, but only ad hoc technical reachback
 - 1 Regularized strategic commodity control training for enforcement personnel and effective/efficient technical reachback



Training for Export Analysts:
End Use/End User (EU/EU) Analysis focuses on strengthening the ability of analysts to uncover suspicious procurement activity and assess proliferation risk. *Analysis of Strategic Commodity Transfers* helps analysts better understand multilateral controls, including the commercial and WMD applications of listed commodities.

Training for Enforcement Officials:
Commodity Identification Training (CIT) enhances the ability of enforcement personnel, primarily customs officers, to recognize and interdict strategic commodities. *CIT Instructor Training* prepares national specialists to provide CIT on a widespread basis and to provide support when inspectors request analysis of suspect items.



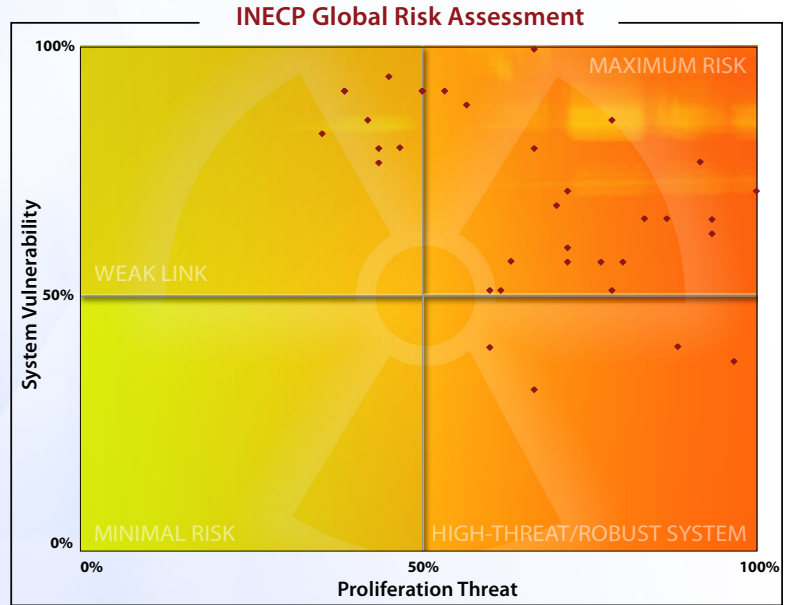
RISK-BASED ENGAGEMENT

Country Selection

INECP’s global Proliferation Risk Assessment guides country selection to ensure that INECP maximizes proliferation-risk reduction. Recognizing that risk is a function of both the likelihood of an undesirable event and its consequences or severity, INECP assesses proliferation risk by combining the national export control system vulnerability assessments with proliferation threat evaluations.

Measuring Proliferation Threat

INECP’s threat matrix assesses the capacity of a country to serve as a direct supplier to proliferant programs (Supply Threat) or as a conduit to other suppliers (Conduit Threat).



Supply Threat Measures

Supply threat is based on a country’s potential to supply the materials, equipment, and technology needed for nuclear, chemical, or biological weapons programs or their systems of delivery. Each of these is assessed on a five-point scale, with “1” indicating virtually no supply capacity and “5” indicating a clear capacity to provide the most vital and sensitive items and know-how. INECP’s supply threat measures reflect the structure of the corresponding multilateral export control arrangement control lists, including the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR) and the Australia Group (AG).

Supply Threat Measures					
THREAT	5	Suspected/known nuclear weapons (NW) program or possesses enrichment or reprocessing facilities	Military producer of Cat 1 systems and/or processes ICBM capability	Suspected/known chemical weapons (CW) program	Suspected/known biological weapons (BW) program
	4	Produces/supplies nuclear fuel-cycle facilities (NSG) Trigger List (TL)	Space launch program or produces MTCR Cat 1 systems	Schedule 1 chemical production capability or legacy CW program	Declared or suspected biodefense program or BW legacy program
	3	Produces/Supplies NSG Dual Use (DU) items	Produces MTCR Cat 2 systems or subsystems	Produces/supplies Schedule 2 chemicals or AG DU chemical production equipment	Bio-related DU equipment supplier
	2	Nuclear technology holder	Active aerospace industry	Produces/supplies unscheduled or Schedule 3 chemicals or uses them in domestic industry	Active biotech or pharmaceutical industry
	1	None	None	Minimal capability for producing controlled chemicals	Minimal capability for producing bio-agents
		Nuclear Supplier	Missile Supplier	Chemical Supplier	Biological Supplier

Conduit Threat Measures

Many countries that have played pivotal roles in proliferation networks have been conduits through which procurement agents could obtain goods from other suppliers. For this reason, a country's *geostrategic position* and *trade flows* are important elements of proliferation threat.

Conduit Threat Measures			
THREAT	5	Regime insider*	Significant trading partner with countries pursuing WMD programs
	4	Significant trading partner with a regime insider*	Operates a free trade zone**
	3	Geographically adjacent to a regime insider*	Major transit/transshipment hub
	2	Adjacent to a country pursuing WMD	Significant international trade relative to GDP
	1	Isolated	Minimal trade
		Geostrategic Position	Trade Flows

A country's *geostrategic position* correlates with ready access to suppliers due to geographic location or trading relationships. All countries rely upon the effective export control implementation of their trading partners. A weakness in one results in a weakness for all.

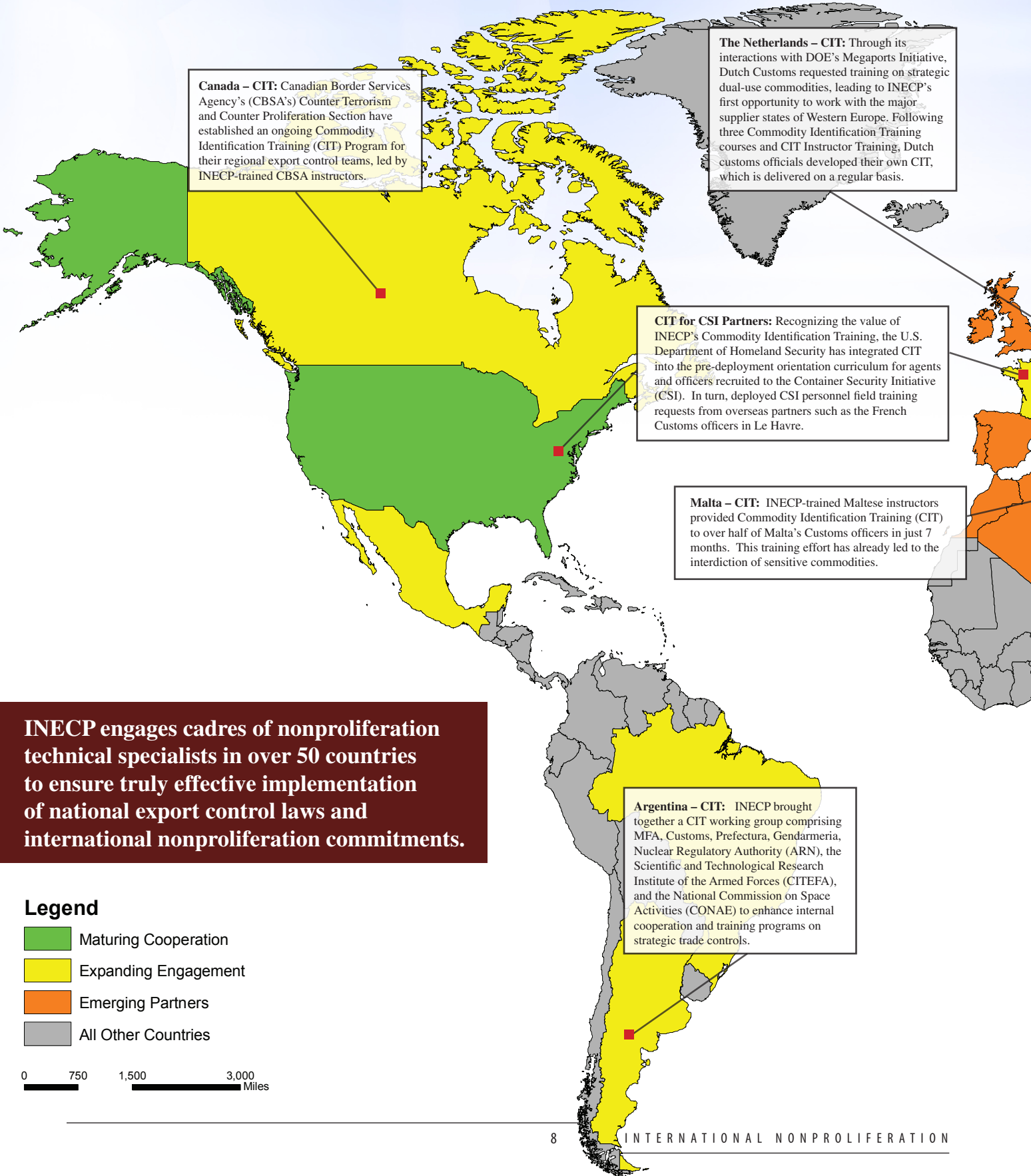
The *trade-flows* measure indicates the ease with which goods entering a country may be diverted to countries of proliferation concern. Priority is given to significant trading partners of countries of concern and countries operating free trade zones, which provide smugglers with multiple opportunities to divert shipments and mask their activities. Secondary priority is given to countries operating the high-volume transshipment hubs through which 90% of world shipping container trade now passes.

* A "regime insider" includes members of the multilateral export control arrangements, as well as countries inside a customs union or open market with a regime member.

** A "free trade zone" encompasses the broader category of special economic zones, including free ports, export-processing zones, special economic zones, etc.



INECP GLOBAL ENGAGEMENT



Canada – CIT: Canadian Border Services Agency's (CBSA's) Counter Terrorism and Counter Proliferation Section have established an ongoing Commodity Identification Training (CIT) Program for their regional export control teams, led by INECP-trained CBSA instructors.

The Netherlands – CIT: Through its interactions with DOE's Megaports Initiative, Dutch Customs requested training on strategic dual-use commodities, leading to INECP's first opportunity to work with the major supplier states of Western Europe. Following three Commodity Identification Training courses and CIT Instructor Training, Dutch customs officials developed their own CIT, which is delivered on a regular basis.

CIT for CSI Partners: Recognizing the value of INECP's Commodity Identification Training, the U.S. Department of Homeland Security has integrated CIT into the pre-deployment orientation curriculum for agents and officers recruited to the Container Security Initiative (CSI). In turn, deployed CSI personnel field training requests from overseas partners such as the French Customs officers in Le Havre.

Malta – CIT: INECP-trained Maltese instructors provided Commodity Identification Training (CIT) to over half of Malta's Customs officers in just 7 months. This training effort has already led to the interdiction of sensitive commodities.

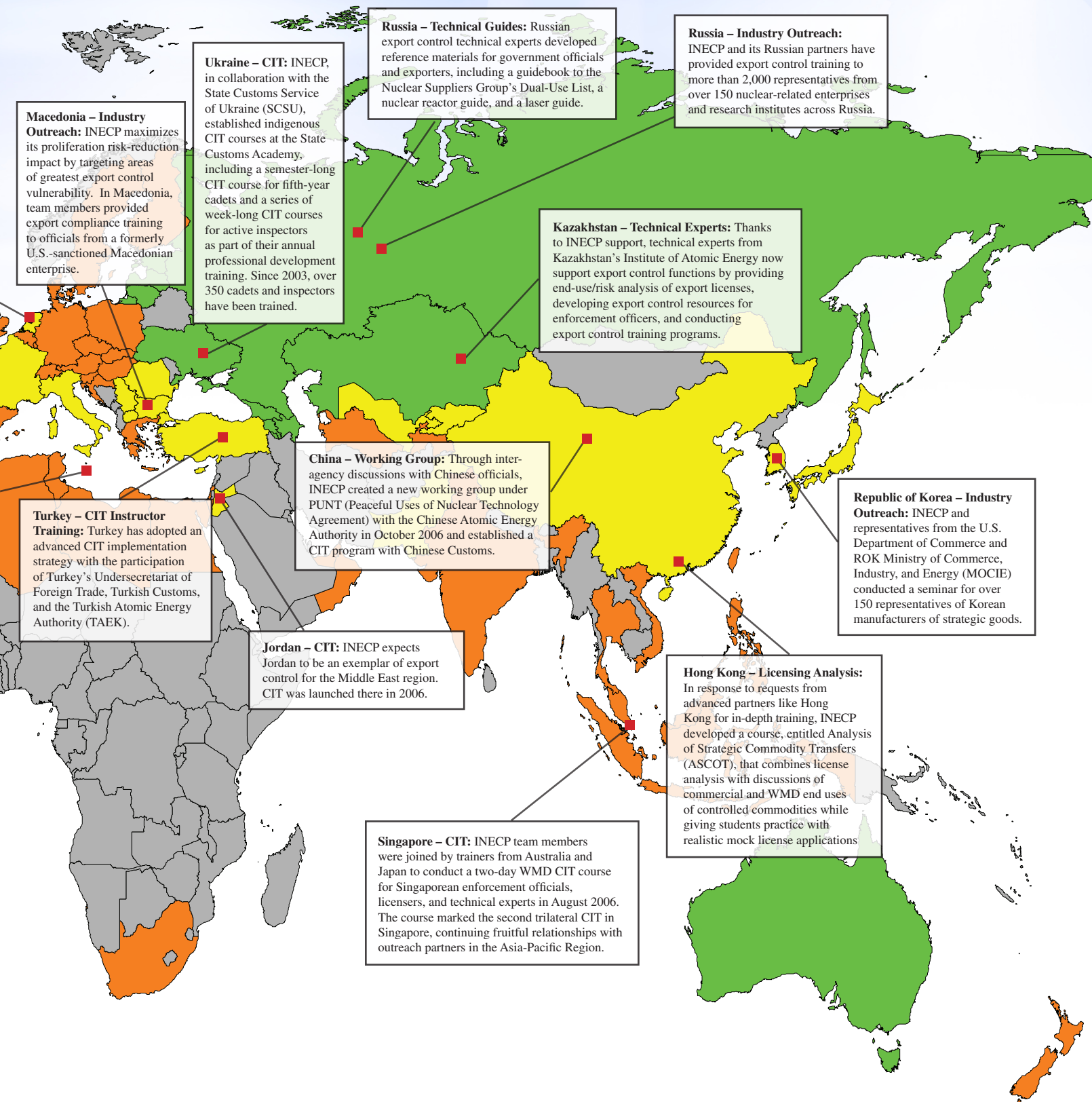
Argentina – CIT: INECP brought together a CIT working group comprising MFA, Customs, Prefectura, Gendarmeria, Nuclear Regulatory Authority (ARN), the Scientific and Technological Research Institute of the Armed Forces (CITEFA), and the National Commission on Space Activities (CONAE) to enhance internal cooperation and training programs on strategic trade controls.

INECP engages cadres of nonproliferation technical specialists in over 50 countries to ensure truly effective implementation of national export control laws and international nonproliferation commitments.

Legend

- Maturing Cooperation
- Expanding Engagement
- Emerging Partners
- All Other Countries





Macedonia – Industry Outreach: INECP maximizes its proliferation risk-reduction impact by targeting areas of greatest export control vulnerability. In Macedonia, team members provided export compliance training to officials from a formerly U.S.-sanctioned Macedonian enterprise.

Ukraine – CIT: INECP, in collaboration with the State Customs Service of Ukraine (SCSU), established indigenous CIT courses at the State Customs Academy, including a semester-long CIT course for fifth-year cadets and a series of week-long CIT courses for active inspectors as part of their annual professional development training. Since 2003, over 350 cadets and inspectors have been trained.

Russia – Technical Guides: Russian export control technical experts developed reference materials for government officials and exporters, including a guidebook to the Nuclear Suppliers Group’s Dual-Use List, a nuclear reactor guide, and a laser guide.

Russia – Industry Outreach: INECP and its Russian partners have provided export control training to more than 2,000 representatives from over 150 nuclear-related enterprises and research institutes across Russia.

Kazakhstan – Technical Experts: Thanks to INECP support, technical experts from Kazakhstan’s Institute of Atomic Energy now support export control functions by providing end-use/risk analysis of export licenses, developing export control resources for enforcement officers, and conducting export control training programs.

China – Working Group: Through inter-agency discussions with Chinese officials, INECP created a new working group under PUNT (Peaceful Uses of Nuclear Technology Agreement) with the Chinese Atomic Energy Authority in October 2006 and established a CIT program with Chinese Customs.

Turkey – CIT Instructor Training: Turkey has adopted an advanced CIT implementation strategy with the participation of Turkey’s Undersecretariat of Foreign Trade, Turkish Customs, and the Turkish Atomic Energy Authority (TAEK).

Republic of Korea – Industry Outreach: INECP and representatives from the U.S. Department of Commerce and ROK Ministry of Commerce, Industry, and Energy (MOCIE) conducted a seminar for over 150 representatives of Korean manufacturers of strategic goods.

Jordan – CIT: INECP expects Jordan to be an exemplar of export control for the Middle East region. CIT was launched there in 2006.

Hong Kong – Licensing Analysis: In response to requests from advanced partners like Hong Kong for in-depth training, INECP developed a course, entitled Analysis of Strategic Commodity Transfers (ASCOT), that combines license analysis with discussions of commercial and WMD end uses of controlled commodities while giving students practice with realistic mock license applications

Singapore – CIT: INECP team members were joined by trainers from Australia and Japan to conduct a two-day WMD CIT course for Singaporean enforcement officials, licensers, and technical experts in August 2006. The course marked the second trilateral CIT in Singapore, continuing fruitful relationships with outreach partners in the Asia-Pacific Region.

LOOKING TO THE FUTURE



The European Commission's Joint Research Center hosted INECP and European Union Member State licensing specialists in December 2007 for a seminar on the evaluation of export license applications, underscoring the importance of regional cooperation.

In 2001, INECP was a small program working with three nuclear supplier states of the former Soviet Union (FSU). Fresh evidence of covert nuclear weapons-related activities and rising concerns about terrorist use of WMD intensified nonproliferation efforts worldwide, prompting INECP to engage over 50 national partners in collaboration with the U.S. Departments of State, Commerce, and Homeland Security. INECP is now poised to leverage its international relationships and fully tested training modules to help partners develop effective and sustainable export control systems and practices.

In parallel with outreach efforts organized under the auspices of UNSCR 1540 and other regimes and initiatives, INECP will continue to facilitate collaborative, multinational approaches to capacity building. This will include enlisting foreign partner

specialists to join its training efforts around the world and promoting the development of regional nonproliferation expert working groups to facilitate the sharing of experience, information, and technical aspects of risk analysis and interdiction. INECP pioneered this approach in the FSU, resulting in the emergence of cutting-edge government-industry outreach and enforcement capacities throughout the region.

Strengthened international export control collaboration invariably forces proliferators to pursue two parallel strategies designed to evade controls. First, procurement tactics shift toward items manufactured in advanced industrialized countries that do not appear on the WMD regime export control lists but that are still of use to WMD programs, especially when paired with matching technical know-how. For this reason, INECP will further strengthen its ability to train licensing and enforcement officers to recognize these items and to evaluate their potential weapons-related applications. This knowledge is essential for national licensing agencies to implement so-called "catch-all" controls in cases when export risks associated with an end user's nonproliferation credentials are unacceptably high.

Second, proliferators seek opportunities to ply their trade in countries with underdeveloped export control systems, where WMD-related commodities can be obtained, assembled or manufactured without detection. This threat is of particular concern within the context of the global nuclear renaissance, where countries with incomplete systems of control may one day become recipients and producers of commodities that can be diverted for use in the manufacture of nuclear weapons. INECP is working closely with partner nuclear organizations in regions like the Middle East and Southeast Asia to transform these challenges into opportunities to establish the basis for new, robust export control systems.

Fostering the development of like-minded technical specialists committed to stemming proliferation threats is a hallmark accomplishment of the U.S. Department of Energy and of its national laboratories. These unique assets will continue to define INECP's ability, in collaboration with other assistance providers at home and abroad, to serve as a hedge against unchecked illicit commodity transfers.

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