



Chapter 5: International Programs

Mission

One of the Bureau of Industry and Security's (BIS) principal missions is to promote the effective international implementation of export controls and treaty obligations.

In this regard, BIS plays a major role in the development, interpretation, and refining of control lists and operational guidelines for three major nonproliferation regimes – the Australia Group (AG), the Missile Technology Control Regime (MTCR), and the Nuclear Suppliers Group (NSG). BIS also has a similar leadership role in a fourth multilateral export control regime, the Wassenaar Arrangement, which is the successor organization to the Coordinating Committee for Multilateral Export Controls (COCOM) and focuses on controls on conventional arms and dual-use exports.

In addition to the multilateral regimes, BIS administers the industry compliance program for the Chemical Weapons Convention (CWC), an international treaty that bans the development, production, stockpiling, and use of chemical weapons among its signatories and provides for an extensive verification regime to ensure adherence to its terms. BIS also actively engages other CWC State Parties and the Technical Secretariat of the Organization for the Prohibition of Chemical Weapons (OPCW) to ensure that the provisions of the CWC are being implemented in a rigorous, analytically sound, and equitable manner among all State Parties.

BIS also conducts an active program of international collaboration with countries needing assistance in the development of effective export control regimes. Through bilateral and regional cooperative activities with more than 20 countries, BIS helps cooperating nations create the infrastructure for an effective export control system that meets international standards, including:

1) building a legal framework, procedures, and requirements necessary to regulate the transfers of sensitive items; 2) enhancing enforcement capabilities to match this framework; and 3) developing an appropriate partnership between government and industry on export controls.

BIS also keeps the public and private sectors in many countries informed about U.S. export controls through its licensing and enforcement outreach programs and other initiatives.

Accomplishments in Fiscal Year 2002

In light of the events of September 11 and the significant changes in the international security environment during Fiscal Year 2002, BIS increased its emphasis on strengthening international cooperation in the area of export controls and nonproliferation. To that end, BIS has worked closely with the Departments of State and Defense, the U.S. Customs Service, and the Department of Energy in identifying a new set of high-priority target countries for its international programs: China, India, and Russia. In Fiscal Year 2002, BIS focused on initiating and further developing BIS's international cooperative activities in those countries and other regions.

During Fiscal Year 2002, BIS increased the internal coordination of its international activities by adopting a system of pre-activity proposals and post-activity reports for international events that permits senior management to better coordinate the Bureau's activities and to measure progress while also creating a sound record of goals, actions, and outcomes associated with BIS international activities.

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During Fiscal Year 2002, BIS also increased its activity in bilateral and multilateral initiatives designed to strengthen the national export control systems of key countries; worked closely with the Departments of State and Defense to develop proposals to strengthen the effectiveness of the multilateral export control regimes (the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement); and strengthened its international export enforcement initiatives through the Safeguards Verification Program and by maintaining Export Enforcement attachés at the U.S. Embassies in Moscow, Russia and Beijing, China.

To intensify, integrate, and broaden its international activities with a number of key transshipment countries, BIS launched the Transshipment Country Export Control Initiative (TECI) during Fiscal Year 2002. The TECI addresses the problem of illegal diversions of sensitive items through major transshipment hubs by seeking to enhance cooperation with relevant transshipment country government authorities and strengthen partnerships between government and industries involved in trade facilitation at transshipment hubs.

International Regimes

Australia Group

The formation of the Australia Group (AG) in 1985 was prompted by Iraq's use of chemical weapons during the Iran-Iraq war (1980-1988). Australia, concerned with Iraq's development of chemical weapons, recommended harmonization of international export controls on chemical weapons precursor chemicals. As the AG membership grew, it expanded its focus to include chemical production equipment and technologies and measures to prevent the proliferation of biological weapons. Today the AG is composed of 34 member countries.

During Fiscal Year 2002, the AG adopted several U.S. proposals to strengthen the regime and focus its efforts on the prevention of terrorism. At the October 2001 Plenary meeting, the AG agreed to a number of U.S. proposals aimed at strengthening the regime. AG participants agreed to broaden controls on key components of chemical production equipment and to expand controls on genetically modified organisms. In order to focus the



Under Secretary Kenneth I. Juster meets with a delegation of Ukrainian export control officials, November 16, 2001.

regime controls on critical items and provide logical and practical exemptions that facilitate legitimate trade, the AG also agreed to a U.S. proposal to refine the definition of medical diagnostic test kits containing limited amounts of controlled chemicals/biologicals.

Upon the recommendation of BIS, the United States proposed, and the AG accepted, a common export control approach toward intangible technology controls. At the June 2002 Plenary, the AG also became the first multilateral regime to agree to include a "catch-all" provision, similar to the U.S. export control provision, in its guidelines. In addition, several U.S. proposals developed by BIS to impose additional controls on biological technology transfers, including adding eight more biological agents to the AG control list and strengthening controls on exports of biological production equipment (i.e., fermenters), were adopted.

Furthermore, a consensus was reached during Fiscal Year 2002 on a U.S. proposal regarding revisions to licensing guidelines that include the prevention of chemical and biological terrorism as an explicit focus of the regime. A resolution was also reached at this Plenary on the universal licensing of exports of biological agents to non-AG members and AG members alike, with the exception of intra-European Union trade. These unprecedented measures were taken to collectively strengthen the AG and broaden its nonproliferation focus to include the threat of terrorism.

Chemical Weapons Convention

On April 25, 1997, the United States ratified the Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and their Destruction (known as the Chemical Weapons Convention or CWC). Four days later, the CWC entered into force with ratification by 87 of the 165 signatories. Thus far, 147 countries have become State Parties to the CWC.

The CWC bans the development, production, stockpiling, or use of chemical weapons among its signatories, and provides for an extensive verification regime to ensure compliance with its nonproliferation tenets. The CWC's verification functions are the responsibility of the Organization for the Prohibition of Chemical Weapons (OPCW). On behalf of the OPCW, approximately 200 inspectors, drawn from among the 147 State Parties to the CWC, inspect military and industrial chemical facilities throughout the world to verify compliance with the CWC's nonproliferation provisions.

The CWC is the first major arms control treaty to have a significant impact on the private sector. Under the terms of the CWC, certain commercial chemical facilities are required to submit data declarations, including information on chemical production and consumption levels. Companies exceeding certain production, processing, consumption, and export or import thresholds are required to submit appropriate documentation to BIS. This information is then compiled and forwarded to the OPCW's Technical Secretariat, which is charged with carrying out verification functions.

To date, the OPCW has conducted over 1,200 routine inspections at over 460 sites in 50 countries. The OPCW also maintains an inspector presence at operational chemical weapons destruction facilities. Since the entry into force of the CWC, the United States has hosted approximately one-third of all CWC inspections and two-thirds of the number of total inspection days, due to the significant level of chemical production activity and large industrial chemical base in the United States.

During Fiscal Year 2002, 960 declarations and reports from 669 U.S. plant sites were received and verified by BIS staff. Of this number, 908 declarations and reports were forwarded to the OPCW and 52 were returned without action. BIS hosted eight on-site inspections of U.S. facilities engaged in chemical-related activities during Fiscal Year 2002.

With the cooperation and assistance of the American Chemistry Council and the Synthetic Organic Chemical Manufacturers Association, BIS hosted a CWC outreach seminar in New Orleans, Louisiana, on October 18, 2001. Over 50 industry participants attended the seminar to hear representatives from BIS, the Defense Department, and the FBI present general guidance to the chemical industry on plant site preparation for CWC inspections.

In response to requests from U.S. companies for specific assistance in preparing their facilities for inspection by the OPCW, BIS conducted 16 site assistance visits (SAVs) in Fiscal Year 2002 at various U.S. plant sites. The SAVs were successful in assisting industry in the preparation of pre-inspection briefings and inspection plans, and providing industry with methods of identifying and protecting confidential business information and national security information.

Missile Technology Control Regime

The United States has been a member of the Missile Technology Control Regime (MTCR) since the regime's inception in 1987. The focus of the MTCR is to limit the proliferation of missiles capable of delivering weapons of mass destruction. Initially, the MTCR consisted of only seven members. By the end of Fiscal Year 2002,

the MTCR had grown to include 33 member countries that have agreed to coordinate their national export controls to stem missile proliferation.

The focus and scope of the MTCR has evolved in the last 15 years in response to world events. The threat of chemical and biological weapons – highlighted by the Persian Gulf War in the early 1990s – led to an expansion in the focus of the MTCR from the narrow category of vehicles capable of delivering nuclear weapons to a broader range of items, including delivery systems for all weapons of mass destruction.

The MTCR expanded the scope of its work again in Fiscal Year 2002 by completing work on the International Code of Conduct Against Missile Proliferation (ICOC). The ICOC was launched by the member nations of the MTCR and is intended to encourage countries of missile proliferation concern to forego missile development programs in return for economic incentives from MTCR members. The initial draft of the ICOC was completed and presented at the MTCR Plenary on September 26-28, 2001. On February 7-8, 2002, representatives from 78 nations met in Paris, France, to begin discussion on ICOC implementation. Additional ICOC implementation meetings and final adoption of the ICOC are expected during Fiscal Year 2003.

In an effort to introduce uniformity of interpretation and enforcement of the MTCR, the MTCR plenary held its first ever meeting of enforcement experts at the close of Fiscal Year 2001 in Ottawa, Canada. The group exchanged views on how to effectively enforce missile technology controls, including sharing the mechanisms employed by member nations. Given the success of the first Enforcement Experts meeting, such meetings likely will become a regular part of the MTCR.

In Fiscal Year 2002, the MTCR adopted new U.S. proposed parameters in several categories of equipment and technology to create a unified control framework and foster greater uniformity in the interpretation of control guidelines among MTCR members. Export controls on items such as servo valves, bulk graphite, metal alloys, and small gas turbine engines were revised to ensure a

consistent control approach to controls among MTCR members. The MTCR will review pending proposals to revise control parameters on telemetry equipment, accelerometers, and ceramic materials during Fiscal Year 2003.

After more than a year of debate, an agreement was reached in the MTCR on the definitions of missile range and payload. Discussions on missile range and payload definitions during Fiscal Year 2002 eclipsed many of the other technical issues under review by the MTCR. This decision should lead to equal interpretation by all members as to the proper control status of ballistic and cruise missile systems. Now that a resolution to the range and payload debate has been reached, MTCR members will be able to better address new advances in materials and devices applicable to missile development.

The MTCR plenary meeting in Fiscal Year 2002 also discussed expanding MTCR controls to prevent terrorists from acquiring missile systems and related technology to deliver weapons of mass destruction, and to consider exchanging information in support of anti-terrorism efforts.

Nuclear Suppliers Group

The Nuclear Suppliers Group (NSG) is a group of 40 member countries established in 1992 and focused on stemming the proliferation of nuclear weapons. Kazakhstan was accepted as a member of the NSG in Fiscal Year 2002.

As it expands its membership, the NSG is focused on simplifying its organizational structure and achieving unanimity among its members on the interpretation and administration of export controls. In pursuit of this goal, the NSG established a new Consultative Group, which will meet twice a year to review matters relating to control lists, procedures, information sharing, transparency, and outreach activities. At its first meeting in November 2001, the Consultative Group adopted a technical note of explanation that clarified export controls on precision measuring devices to limit the controls to those items that are directly useful in nuclear proliferation activities. This revision is expected to be a template for similar clarification measures in other NSG control categories.

The NSG's first Licensing and Enforcement Experts Meeting was held at the May 2002 Plenary. The intent of the meeting was to provide participants with the opportunity to share information on the operational aspects of export enforcement. The success of the meeting has led to support from NSG members to establish export enforcement information sharing as a standard activity at all future NSG plenaries. Additionally, a majority of the NSG members expressed concern at the May 2002 Plenary about the need to ensure uniformity of interpretation of the NSG Guidelines. This issue is expected to play a prominent role in the work of the NSG in the coming year.

In another series of bilateral discussions, the NSG met with government representatives from Kazakhstan, China, Egypt, Malaysia, Indonesia, Pakistan, Mexico, Israel, Iran, and India in March 2002 to discuss nuclear nonproliferation efforts. The United States, as NSG Chair, headed the series of discussions intended to encourage increased adherence to global nonproliferation norms.



Under Secretary Kenneth I. Juster and Special Advisor to the Under Secretary, Dr. Richard T. Cupitt, talk with a member of a delegation of export control officials from the United Arab Emirates, April 9, 2002.

To better identify potential nuclear entities of concern, the United States proposed in Fiscal Year 2002 that NSG information sharing be enhanced through a voluntary exchange of information on nuclear and nuclear-related dual use approvals and denials. Additionally, the U.S. began a dialogue on potential changes to the NSG Guidelines to address nuclear terrorism.

Wassenaar Arrangement

The Wassenaar Arrangement (Wassenaar) is a multilateral arrangement regarding export controls on conventional arms and sensitive dual-use goods and technologies. Wassenaar was founded in 1996 to replace the East-West technology control program under the Coordinating Committee (COCOM) regime that ended in 1994.

Wassenaar was designed to promote transparency, the exchange of views and information, and greater responsibility in transfers of conventional arms and dual-use goods and technologies.

Through their national policies, Wassenaar members seek to ensure that transfers of conventional arms and dual-use goods and technologies do not contribute to the development or enhancement of military capabilities that undermine international or regional security and stability, and that such goods and technologies are not diverted to support those capabilities. Wassenaar does not impede

bona fide civil transactions and is not directed against any state or group of states. All measures undertaken with respect to Wassenaar are in accordance with member countries' national legislation and policies and are implemented on the basis of national discretion.

Wassenaar members maintain effective export controls for the items on the agreed control lists, which are reviewed periodically to take into account technological developments and experience gained. Wassenaar's specific information exchange requirements involve semi-annual notifications of arms transfers,

currently covering seven categories derived from the United Nations Register of Conventional Arms. Members are also required to report approvals, transfers, and denials of certain controlled dual-use commodities and technologies. Reporting of denials helps to bring to the attention of members strategic items that may undermine the objectives of Wassenaar.

During Fiscal Year 2002, there were several major accomplishments within Wassenaar, reflecting the changing nature of technology and threat to global security.

At the Wassenaar Plenary in Vienna, Austria in December 2001, Wassenaar members agreed to change the Initial Elements to include the prevention of terrorism as one of the objectives of the regime. Other proposals to strengthen the effectiveness of the regime that were supported by BIS were not adopted, but work on these proposals will continue during Fiscal Year 2003.

In addition, Wassenaar enhanced its controls on intangible software and technology, which are of particular importance in the information age. Furthermore, as part of ongoing Wassenaar list reviews, changes were made to Wassenaar's controls on machine tools and high performance computers, both of which were removed from the Sensitive List, but remain on the Basic List. These list reviews are intended to keep the control lists current and responsive to technical and market analyses. By transferring high performance computers and machine tools from the Sensitive to the Basic List, the Wassenaar members indicated that these products are somewhat less strategic and widely available. The Basic List allows members to use national discretion in determining whether a written authorization is required or more liberalized licensing practices, such as license exceptions, are appropriate for the export of these items.

Export Enforcement Initiatives

Safeguards Verification Program

The licensing of U.S. dual-use commodities is often dependent upon favorable completion of an end-use visit: either a pre-license check to determine if the proposed end-user is a reliable recipient for the item on the license application or a post-shipment verification to determine whether the item received is being used in accordance with the terms of the license. While a number of these end-use visits are conducted by Foreign Commercial Service officers serving in different countries around the world, BIS's Export Enforcement division (EE) also sends Special Agents to select countries to complete these checks during Safeguards Verification trips. The Safeguards Verification Teams travel overseas and visit

end-users to determine the disposition of licensed or otherwise controlled U.S.-origin commodities, particularly those items of proliferation concern. The Teams also visit prospective end-users to assess the suitability of foreign firms to receive U.S.-origin goods and technology. The Teams also conduct educational visits to these firms, often in cooperation with host governments.

During Fiscal Year 2002, a significant amount of EE resources were dedicated to carrying out post-shipment verifications on exports of high-performance computers to Tier III countries, as required by the 1998 National Defense Authorization Act (NDAA). In early 2002, the President raised the performance level of computers eligible for export to Tier III countries under a license exception from 28,000 millions of theoretical operations per second (MTOPs) to 190,000 MTOPs. This change significantly reduced the number of post-shipment verifications EE will be required to carry out under the NDAA on future shipments of high performance components. Therefore, EE is now able to shift Safeguards resources to a more focused approach on specific countries or regions of concern.

Export Enforcement Attaché Program

As part of BIS efforts to achieve its enforcement mission, BIS's Office of Export Enforcement (OEE) sends experienced Special Agents overseas as export control attachés at U.S. select embassies. In Fiscal Year 2002, EE attachés posted in Moscow, Russia, and Beijing, China worked with host government officials to help develop and maintain effective export control systems and facilitate cooperation between these countries and the United States on export enforcement matters.

The principal mission of the attaché is to help ensure that U.S. dual-use goods entering a country (or region) in which the attaché is posted are used in accordance with U.S. export control laws and regulations. This is accomplished through selective end-use checks and by working with the host government and local businesses to ensure that they understand and comply with U.S. export control regulations. The attachés also work with host government officials and local businesses to provide information and appropriate training to facilitate better understand U.S. dual-use export control laws and regulations.

During Fiscal Year 2002, OEE received funding to post attachés in Abu Dhabi, United Arab Emirates, and in Cairo, Egypt. For Fiscal Year 2003, BIS has requested additional resources to post attachés in Singapore; New Delhi, India; and Shanghai, China.

Export Enforcement International Outreach Programs

During Fiscal Year 2002, BIS’s Export Enforcement division conducted a number of outreach programs to foreign governments. These outreach initiatives are part of the ongoing BIS efforts to create more effective enforcement of export control regulations in foreign countries – with particular emphasis on countries that are major transshipment hubs in the global economy. During the Fiscal Year 2002, BIS officials conducted training and technical workshops in the Czech Republic, Slovakia, Hungary, Romania, Malta, Cyprus, and the United Arab Emirates.

In March 2002, BIS participated in the seventh round of the U.S.-Hong Kong Interagency Export Control Discussions. This year’s talks focused on the Hong Kong Government’s plans for closer economic partnership with mainland China, and the potential impact of these plans on Hong Kong’s export control system. BIS emphasized that the U.S. Government considers Hong Kong’s continued autonomy of vital importance and cautioned that border streamlining and increased economic interaction must not impair the integrity of Hong Kong’s autonomous customs territory.

Nonproliferation and Export Control Cooperation

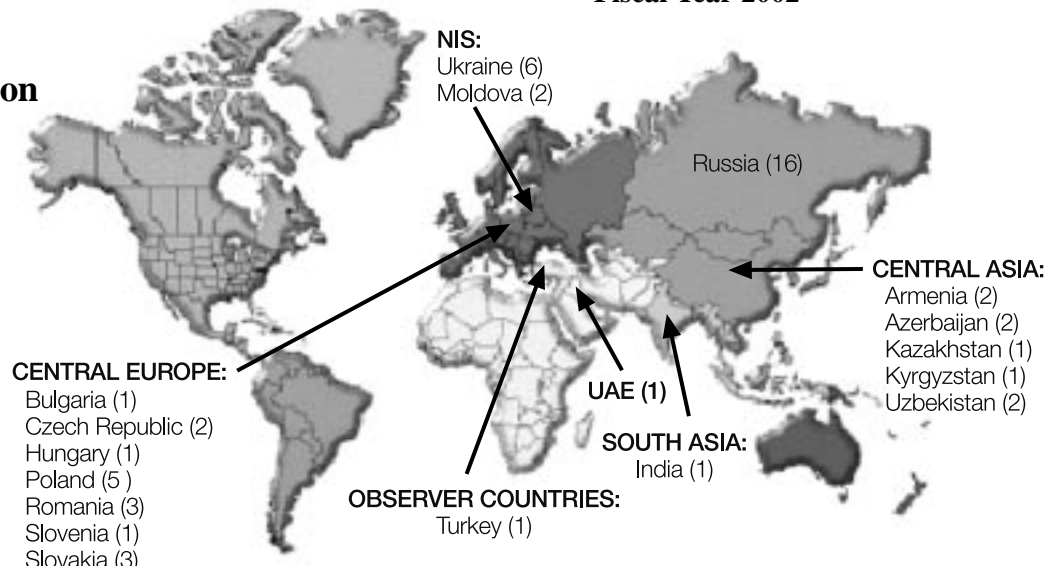
BIS’s Nonproliferation and Export Control (NEC) Cooperation program has a key role in BIS’s bilateral and multilateral initiatives. Established in 1994, the NEC program was designed to work with key countries of the world to develop or strengthen their national export control systems. The NEC mission “to strengthen foreign national export control

systems to keep nuclear, biological, and chemical weapons, delivery systems and other sensitive materials out of the hands of terrorists and states of concern” is carried out by the coordination, organization, and execution of bilateral and multilateral technical exchanges.

During Fiscal Year 2002, NEC – with assistance from other parts of the Department, including BIS’s Office of Export Enforcement and the Export Administration division, the Department’s Office of Chief Counsel for Industry and Security, and other U.S. Government agencies – organized or coordinated 51 bilateral technical exchange workshops and two multilateral conferences. This represents a nearly 20 percent increase over the total number of bilateral and multilateral activities completed during Fiscal Year 2001. Each of the exchanges and conferences focused on one of the five key areas of export control systems necessary to address the growing threat of the proliferation of weapons of mass destruction, which are:

- legal basis and framework of export controls;
- export control licensing procedures and practices;
- export enforcement;
- industry-government relations; and
- export control system automation.

NEC Bilateral Cooperation Activities Fiscal Year 2002



Note: Number of activities is displayed in parentheses.

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The exchange activities undertaken by NEC during Fiscal Year 2002 included cooperative bilateral export control workshops with Armenia, Azerbaijan, Bulgaria, the Czech Republic, Georgia, Hungary, India, Kazakhstan, the Kyrgyz Republic, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Turkey, Ukraine, and Uzbekistan. One of the most significant accomplishments for the NEC bilateral program activities in Fiscal Year 2002 involved reaching an agreement with two high-priority countries – India and the United Arab Emirates – on conducting a series of comprehensive export control technical exchanges.

In addition to the bilateral activities carried out during Fiscal Year 2002, NEC organized BIS's Seventh Annual Symposium for International Export Control Officials. The conference, held in Washington, D.C. in conjunction with BIS's Update Conference, attracted a total of 50 export control officials from 26 different nations.

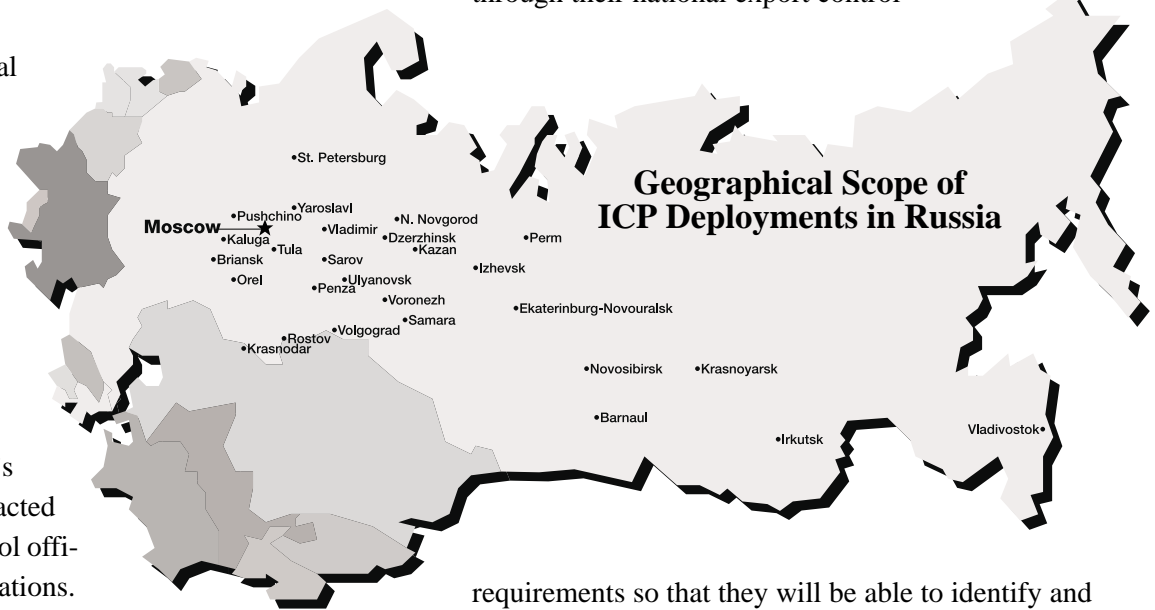
In conjunction with the interagency community, in Fiscal Year 2002 BIS participated in several multilateral export control conferences, including the Asian Export Control Seminar, the 6th Central Asia/Caucasus Regional Export Control Forum, and the 4th European International Conference on Export Controls. NEC also represented BIS in the first U.S.-European Union meeting on coordinating export control and border security cooperation programs.

In an effort to enhance its multilateral programs, during Fiscal Year 2002 NEC developed a Model Plan for Multilateral Technical Exchanges. The model is intended to supplement the BIS Model Country Plan for bilateral technical exchanges. This plan not only helps NEC target deficiencies in multilateral export control cooperation efforts, it creates a platform for developing long-term

strategies to improve national export control systems among countries that have completed the BIS bilateral technical exchange program.

Internal Control Program Activities

During Fiscal Year 2002, NEC significantly expanded its Internal Control Program (ICP). Created in 1998, the ICP is central to NEC's overall export control and nonproliferation mission. The ICP was developed to design and distribute export control software to companies overseas. This software takes foreign companies step-by-step through their national export control



requirements so that they will be able to identify and prevent undesirable transactions and thereby comply with national export control requirements.

The ICP is tailored for and translated into the national language of the recipient country, and has been made available to over 1,000 exporting organizations during its three-year tenure in Russia, Ukraine, and Poland. The actual distribution of the ICP in each country has been made in the context of regional workshops. During Fiscal Year 2002, 16 regional workshops were held in the three countries.

In addition to NEC's ICP activities during Fiscal Year 2002 in Russia, Ukraine, and Poland, NEC initiated new ICP projects with Romania and the Czech Republic. NEC is in the process of developing ICP's for Hungary, Romania, Estonia, Lithuania, Latvia, and Kazakhstan.

Export Control and Border Security

During Fiscal Year 2002, NEC helped develop the first interagency strategic plan for the Export Control and Border Security (EXBS) Program, which is intended to provide overall guidance for most U.S. Government export control assistance efforts. BIS and the U.S. Customs Service launched the first phase of the EXBS program in Russia with the introduction of the Product Identification Tool (PIT). The objective of the PIT is to improve the skills of foreign Customs Inspectors in their day-to-day operations with the use of the PIT software tool. During Fiscal Year 2002, NEC and the U.S. Customs Service demonstrated the generic version of the PIT software tool and outlined a project plan for customization of the software to the requirements of Russia, and the effective distribution to and training of, border and customs officials in Russia.

Transshipment Country Export Control Initiative

During Fiscal Year 2002, BIS launched the Transshipment Country Export Control Initiative (TECI) – a two-pronged initiative designed to counter illegal diversions of controlled goods through the world’s major transshipment hubs. Under the first prong, BIS seeks to work with relevant counterpart agencies in key transshipment countries to strengthen indigenous export control regimes and export control cooperation. To this end, BIS began to direct more efforts toward export control cooperation programs with authorities in Hong Kong, Malaysia, Panama, Singapore, Taiwan, Thailand, and the United Arab Emirates regarding trade compliance for controls on transit, transshipment, and reexport trade. In particular, BIS engaged in a number of preparatory activities to establish a firm foundation for action in Fiscal Year 2003. This included, among other things, putting these countries high on the list of BIS international priorities, targeting more BIS enforcement and international technical exchange programs toward these destinations, reviewing the current lists of government best practices on transshipment, and developing a model agreement to ensure the confidentiality of data exchanges with these authorities.

The TECI’s second prong seeks to combat diversions through transshipment hubs by increasing cooperation with industry present in or operating through such hubs. To this end, BIS took initial steps to create a new public-private partnership on export controls with companies and trade associations engaged in shipping, air cargo, freight forwarding, port operations, and other aspects of transshipment trade facilitation. BIS officials meet informally with individuals in these industries and began to review its “red flags,” internal compliance program software, and other trade compliance tools for their potential application to companies primarily involved in trade facilitation. If successful, this partnership will supplement the existing relationships between BIS and different export and trade-related industries, which will result in enhanced U.S. trade security and expanded global trade opportunities.

Goals for Fiscal Year 2003

During Fiscal Year 2002, BIS adjusted its mission and goals to better reflect the new realities of an increasingly global economy. In Fiscal Year 2003, BIS’s agenda in strengthening U.S. national security and foreign policy interests without unnecessarily hindering U.S. economic interests will remain an important part of its mission. However, without cooperation and verification from other countries on their exports and assurance as to what degree they are meeting international standards, the U.S. Government will need to continue monitoring, advising, and directing global strategies for adherence to nonproliferation objectives.

Key goals for BIS’s Fiscal Year 2003 international programs include the following:

- International enforcement outreach programs will be significantly involved in the TECI that was launched by BIS in September 2002.
- In support of the TECI, NEC will seek agreement on comprehensive technical bilateral exchange programs with several transshipment countries in Fiscal Year 2003. NEC anticipates completing 75 technical exchanges

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in Fiscal Year 2003. NEC will implement strategies with the Czech Republic, Hungary, and Poland to “graduate” these countries from the basic NEC technical exchange program within two years.

- NEC and U.S. Customs will work with Russian Customs officials to proceed with the second phase of the PIT project. During phase two, the project team will assist Russia in the deployment of its customized software and the effective distribution to and training of Russian Customs inspectors at the local and regional level. In addition, during Fiscal Year 2003, NEC expects to expand the PIT program beyond Russia to other countries.
- The United States will formally present its recommendations on possible changes to the NSG Guidelines to incorporate anti-terrorism measures that include nuclear terrorism as factors for consideration in the review of nuclear-related exports.
- BIS plans to work with Wassenaar partners during the 2003 assessment year to seek to adopt a denial consultation procedure, establish a “catch-all” control, and

require reporting of small arms/light weapons transfers to non-Wassenaar members. Reviews of the Wassenaar control lists will also continue and revisions are expected in the areas of microprocessors, computers, and analog-to-digital converters, among others.

- BIS will play a significant role in the discussion of three U.S. proposals that were presented to the Australia Group in Fiscal Year 2002 to further expand controls on shipments of dual-use chemicals, biological agents, and related equipment to include items useful in terrorist activities.
- BIS will continue to focus within the MTCR on reducing the availability of missiles and limit access to missile-related technology. In particular, the development of short-range unmanned air vehicles (UAVs) and other types of cruise missiles that are particularly suited for the delivery of weapons of mass destruction present a new and growing threat that will be carefully monitored by the MTCR in Fiscal Year 2003. If necessary, the MTCR will consider additional control measures for the UAVs in Fiscal Year 2003.