

**Partnerships for Nonproliferation: Building a Stronger Network  
of Nonproliferators**  
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**The 13th International Export Control Conference**  
**Slovenia**  
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Good Afternoon State Secretary Cerar, Ambassador Vagn Nielsen, Ambassador Mussomeli, Director General Hribar, President Wallraff, and all distinguished participants. It is a privilege being with you today at the opening of The 13th International Export Control Conference in the “*Port of Roses*,” Portorož, Slovenia.

I want to thank our colleagues from the European Union for cosponsoring this event with the United States for the third consecutive year. Also, I want to thank the Government of Slovenia for hosting this year’s Conference.

Ambassador Mussomeli highlighted the strong relationship between Slovenia and the United States, and I could not agree more that U.S.-Slovenian cooperation in strategic trade controls further highlights the solid partnership between our two nations.

The theme for this year’s conference is “Partnerships for Nonproliferation,” which is exemplified by the presence of 300 participants from 80 different countries and international organizations, coming together to engage on the common cause of nonproliferation. A robust partnership of likeminded states, working together as a network of nonproliferators, is required to combat illicit and ill-advised transfers of sensitive items to prevent the proliferation of weapons of

mass destruction (WMD). Close collaboration is imperative in preventing irresponsible states and non-state actors from exploiting weaknesses in international nonproliferation regimes and misusing international commerce to acquire items and technologies for WMD, missile, and advanced weapons programs.

President Obama, during the Nuclear Security Summit in Seoul this March, said that “nuclear terrorism is one of the most urgent and serious threats to global security,” and called for sustained international efforts to confront this threat. We know there are individuals, organizations, and states that seek dual-use goods, which have legitimate applications, but can also be used to support WMD programs.

Nuclear terrorism is not the only threat we face. The proliferation of WMD, their delivery systems, and destabilizing conventional weapons, are among the gravest threats to national, regional, and global security. No single country can hope to overcome these challenges alone, and we must remember that the proliferation of these items is a danger that all nations face together. This year’s conference can play a role in confronting these issues.

During the 12th Export Control Conference in Singapore, we sought to build a network of nonproliferators at the local, regional, and international level. This network must be prepared to counter threats posed by proliferators and their procurement activities. Now, we need to strengthen the network by developing new partnerships and building upon existing relationships that advance international security and contribute to economic development on a global scale.

The participants in this conference, whether from government, industry, international organizations, or NGOs, are part of a broad international framework working to address a variety of proliferation threats. This week we will focus on strengthening the network of nonproliferators by building partnerships within national governments, between government and industry, and among governments and organizations at the international level. Before reviewing these three collaborative efforts in more detail, I want to discuss the importance of comprehensive strategic trade controls.

Partnerships in strategic trade management help facilitate legitimate transfers while preventing dangerous entities from pursuing illicit activities that undermine regional and global stability. We, as a network of nonproliferators, should advocate for the implementation of strategic trade controls.

Many countries represented here are seeking to increase their foreign trade, develop or expand port facilities, and diversify and modernize their economies by attracting investment in high technology industries. Reputable shippers, investors, and high technology companies realize the damage that involvement in proliferation can do to their investments and their reputations. They seek reliable and predictable business environments, in which efficient strategic trade management is a vital element.

A recent study of 25 countries that adopted strategic trade management laws indicated no negative effect on trade or GDP growth occurred. Indeed, by harmonizing customs clearance procedures among neighboring states, reducing customs clearance times, improving infrastructure, creating a safe and transparent trading environment, and cutting the cost of doing business, countries can expect

increased efficiency in collection of customs revenues and an increased capacity to trade and, therefore, improved economic growth.

While advocating for strategic trade controls, however, it is important to acknowledge the challenges countries may face in establishing and implementing them.

First, nonproliferation is only one of many priorities competing for attention in the political, economic, and parliamentary agendas of many countries around the world. Countries that do not yet have comprehensive strategic trade control systems may find it difficult to secure the political support to make establishing such a system a priority.

Second, even in countries with well-established strategic trade controls, implementing a licensing system is not easy. Because dual-use items have legitimate commercial uses, licensing officials may have difficulty determining whether a proposed transfer might be contrary to their government's national security objectives or its international obligation and commitments. Licensing officials might also lack information to identify when a license application contains false information or a questionable end-use or end-user.

Moreover, governments may not be capable of independently determining when illicit transfers may be occurring. Especially for transit states, governments may only encounter proliferation-sensitive commodities during shipment from the seller to the buyer, and they may have little information on the commodity or the details of the transaction.

In this conference, we will explore the many kinds of partnerships that can help overcome these challenges.

These partnerships exist within governments, between governments, and between governments and industry, as well as nongovernmental organizations.

First, partnerships between licensing and enforcement authorities are essential to establishing interagency-based strategic trade control systems. The licensing-enforcement partnership should stand on a coordinated national nonproliferation policy and a firm legal basis to take action against proliferators. Fostering a partnership between licensing and enforcement authorities can lead to more responsible licensing decisions. It can also increase the likelihood of detecting illicit procurement attempts by enhancing front-line enforcement officials' commodity identification capabilities and capability to reach back to technical experts to check the controlled status of suspicious items.

Another critical element of strengthening the nonproliferation regime is cooperation among enforcement agencies. We have some recent examples of countries taking the necessary steps to build essential interagency partnerships. For example, the Government of Armenia recently established a Joint Border and Customs Operations Enforcement Task Force, which provides interagency oversight of interdiction operations at the country's ports of entry, including the integration of intelligence and risk management procedures. The Armenian Task Force could be a model for other countries undertaking similar interagency communication and cooperation activities.

Robust government to industry partnerships are another key principle of a comprehensive strategic trade control system. By working with industry, governments can gain valuable insight into technology procurement trends. Focused outreach initiatives to manufacturers, distributors, brokers, and freight forwarders are essential. Outreach initiatives should raise awareness of the threat and consequences of unchecked proliferation, emphasize the potential penalties for non-compliance, and encourage industry to develop stronger internal compliance programs to distinguish between legitimate and illicit transactions.

This partnership, like all others, needs to be mutually beneficial and mutually reinforcing. Industries can develop internal control policies that ensure prompt sharing of information related to suspicious transfers and new developments that affect proliferation networks. To facilitate industry cooperation in these areas, governments can incentivize compliance and reward industry members that take necessary and constructive steps to implement internal compliance programs.

There are many examples of governments being proactive and working with industry to address proliferation concerns. The Government of Croatia recently developed and deployed, with EXBS support, a new “shippers” module as part of the Croatian internal control program targeting enterprises involved in strategic trade and transport at seaports, airports, and over land. Initiatives such as this strengthen national strategic trade control systems and can contribute to the international network of nonproliferators.

Another dimension of partnership at the heart of our conference is international cooperation. International partnerships occur through bilateral or

regional agreements, among countries, within multilateral export control regimes, and in cooperation with international organizations. Bilateral cooperation between counterpart agencies is the most direct form of international partnership.

Information or intelligence exchanges, integrated border management, joint investigations, or coordinated interdictions are all forms of effective bilateral partnerships. Likewise, cooperation through international organizations, such as the World Customs Organization (WCO), the International Atomic Energy Agency (IAEA), and the Organization for the Prevention of Chemical Weapons (OPCW) can build bilateral and multilateral partnerships. These organizations contribute a wealth of technical resources and expertise, and we will have an opportunity to hear from some of them during our conference.

Increasingly, regional organizations such as the Organization for Security and Cooperation in Europe (OSCE), the Association of Southeast Asian Nations (ASEAN), and the Caribbean Community (CARICOM) are also fostering partnerships for nonproliferation. Additionally the outreach efforts of the Nuclear Suppliers Group, Missile Technology Control Regime, Australia Group, and Wassenaar Arrangement can help countries move toward adopting internationally endorsed standards for strategic trade controls.

All of these forms of partnerships can contribute to every country's ability to fulfill the obligations of United Nations Security Council Resolution (UNSCR) 1540. Under 1540, all states must develop and enforce appropriate legal and regulatory measures for the protection and control of sensitive materials and nonproliferation export controls, as well as prevent and deter illicit access to nuclear, chemical and biological weapons, their means of delivery, and related materials and technologies.

The Department of State's Export Control and Related Border Security (EXBS) program, in close coordination with members of the European Union, has established a system to conduct strategic trade management mentoring activities. The mentoring program facilitates opportunities for countries to share best practices and lessons learned, while developing new and practical international partnerships. In this regard, I would like to thank Slovenia, as a Graduate Partner of the EXBS program, for serving as an active regional mentor. Slovenia recently conducted two EXBS-sponsored partnership activities that addressed export control laws, licensing, interagency cooperation, industry outreach, and enforcement. Another such example is EXBS Graduate Partner Bulgaria hosting an Export Control Study Visit by Republic of Macedonia officials in February 2011 that focused on meeting the requirements of EU Regulation 428/2009.

Another example is Malaysia. The Government of Malaysia is an active participant and leader in regional nonproliferation initiatives. Malaysia commits both time and resources to share with countries in its region best practices and lessons learned on a variety of issues, including the importance of government-industry partnerships.

In a time of financial constraints, the mentoring model is a low-cost, high-impact program that creates a global constituency of strategic trade management expertise.

In closing, partnerships, at all levels, matter. As you participate in this week's conference, I encourage you to remember that we can strengthen the network of nonproliferators by advocating for comprehensive strategic trade



controls, strengthening interagency cooperation and communication within our own governments, developing more robust government to industry outreach, and expanding international collaboration through bilateral, regional, and multilateral forums. The challenges we face as a network of nonproliferators are real, immediate, and ever-expanding, and can only be confronted by developing and sustaining effective partnerships.

Thank you.

