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EMERGENCY REGARDING PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SIX MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION THAT WAS DECLARED IN EXECUTIVE ORDER 12938 OF NOVEMBER 14, 1994, PURSUANT TO 50 U.S.C. 1703(c) AND 50 U.S.C. 1641(c)

DECEMBER 4, 2001.—Message and accompanying papers referred to the Committee on International Relations and ordered to be printed

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To the Congress of the United States:

As required by section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), I transmit herewith a 6-month periodic report on the national emergency with respect to the proliferation of weapons of mass destruction that was declared in Executive Order 12938 of November 14, 1994.

GEORGE W. BUSH.

THE WHITE HOUSE, *December 4, 2001.*

Report to Congress on
Emergency Regarding Proliferation of
Weapons of Mass Destruction

Weapons of mass destruction (WMD) -- nuclear, chemical, and biological weapons -- and their missile delivery systems are among the top threats to United States security in the post-Cold War world. In the hands of countries like Iran, Iraq, Libya, and North Korea, these weapons pose direct threats to the United States and U.S. friends, forces, and allies. WMD already poses a threat to U.S. territory via terrorism and unconventional delivery means, and some countries of concern are already working on intercontinental-range missiles that would be able to deliver WMD against our territory directly.

Since taking office in January 2001, my Administration has given high priority to dealing with the threat of WMD and missile proliferation. The September 11 terrorist attacks in New York and Washington and subsequent anthrax attacks have made preventing the proliferation of these weapons to terrorists and countries that harbor terrorists an even higher priority. Weapons of mass destruction and missile nonproliferation measures undertaken by the United States between May 2001 and October 2001 are the subject of this report, based on information provided by relevant sources.

To address the dangers posed by the proliferation of WMD and their delivery systems, President Clinton issued Executive Order No. 12938, declaring a national emergency under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.). Under section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), the national emergency terminates on the anniversary date of its declaration unless, within the 90-day period prior to each anniversary date, the President publishes a Continuation of Emergency Regarding Weapons of Mass Destruction in the Federal Register and transmits the notice to the Congress. The national emergency was extended on November 14, 1995; November 12, 1996; November 13, 1997; November 12, 1998; November 10, 1999; November 12, 2000; and November 9, 2001.

This report, based upon information provided by relevant sources, is made pursuant to Section 204(c) of the International Emergency Economic Powers Act (50 U.S.C. 1703(c)) and Section 401(c) of the National Emergencies Act (50 U.S.C. 1641(c)). It reports actions taken and expenditures incurred pursuant to the

emergency declaration during the period May 16, 2001, through November 11, 2001.

Additional information on nuclear, missile, and/or chemical and biological weapons (CBW) nonproliferation efforts may be found in the following reports: (a) the most recent annual Report on the Proliferation of Missiles and Essential Components of Nuclear, Biological, and Chemical Weapons, provided to Congress pursuant to Section 1097 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190), also known as the "Nonproliferation Report"; (b) the most recent semi-annual Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions provided to Congress pursuant to Section 721 of the Intelligence Authorization Act for Fiscal Year 1997; (c) the most recent annual report provided to the Congress pursuant to Section 308 of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (Public Law 102-182), also known as the "CBW Report"; (d) the most recent annual report entitled "Adherence to and Compliance with Agreements," provided pursuant to section 51 of the Arms Control and Disarmament Act, 22 U.S.C. 2593a, also known as the "Pell Report"; (e) the most recent report on the Democratic People's Republic of Korea, provided pursuant to Section 585 of the Foreign Operations, Export, Financing, and Related Programs Appropriations Act of 1997 (Public Law 104-208); (f) the most recent Report on Nuclear Nonproliferation Policy in South Asia, provided pursuant to Public Law 102-391, Section 585; (g) the most recent Report on Regional Nonproliferation in South Asia, submitted pursuant to Section 620F(c) of Foreign Assistance Act; and (h) the most recent Nuclear Nonproliferation Report, known as the "Section 601 Report," submitted pursuant to Section 601 of the Nuclear Nonproliferation Act of 1978 (Public Law 95-242), as amended by the Nuclear Proliferation Prevention Act of 1994.

Nuclear Weapons

Nuclear Non-Proliferation Treaty (NPT): The Nuclear Non-Proliferation Treaty (NPT) is the cornerstone of the global nuclear nonproliferation regime. On October 15, 2001, a caucus of NPT states met on the margins of the United Nations General Assembly (UNGA) to open the Treaty's 2005 review process. The caucus decided that the first meeting of the Preparatory Committee for the 2005 Review Conference will take place April 8-19, 2002, at U.N. headquarters in New York. The United States has and will continue to consult extensively with other NPT parties to ensure a productive review of the Treaty.

International Atomic Energy Agency (IAEA): The International Atomic Energy Agency (IAEA) verifies non-nuclear-weapons states' (NNWS) compliance with their NPT obligations by verifying that nuclear material and facilities are not diverted for nuclear weapons purposes. During this period, the United States continued to provide significant technical and financial resources to the IAEA to support its safeguards activities.

The discovery of Iraq's extensive covert nuclear activities demonstrated the need to strengthen the IAEA safeguards system's ability to detect undeclared nuclear material and activities. The United States and a large number of like-minded states negotiated in the mid-1990s substantial safeguards strengthening measures, including the use of environmental sampling techniques, expansion of the information on nuclear activities which states are required to declare, and expansion of IAEA access rights. Measures requiring additional legal authority are embodied in a Model Additional Protocol approved in 1997. This Protocol has now been signed by 57 states and has entered into force for 21 countries.

At the International Atomic Energy Agency (IAEA) General Conference (GC), September 17-21, 2001, the General Conference President (Finland) made a statement noting the widespread expressions of condolences by delegations to the people of the United States; the unequivocal condemnation by conferees of the September 11 terrorist attacks in the United States; and United Nations Security Council and UNGA resolutions calling on states to bring to justice the perpetrators, organizers, and sponsors of these terrorist attacks. The Conference also adopted by consensus a resolution on the physical protection of nuclear material and nuclear facilities that featured U.S.-proposed language calling for a review of Agency activities relevant to preventing acts of terrorism involving nuclear materials and other radioactive materials, with a view to strengthening the Agency work in this area. This review has been initiated by the IAEA Director General. In addition to discussing activities in the IAEA's regular program of safeguards, this review will identify other areas of current Agency activity related to combating nuclear terrorism, including programs in nuclear material security, safety at nuclear facilities, and protection and identification of radiation sources. The Director General is expected to provide a report to IAEA members with his recommendations for strengthening IAEA activities in these areas at the end of November 2001.

Zangger Committee: The purpose of the 35-nation Nuclear Non-Proliferation Treaty (NPT) Exporters (Zangger) Committee is to harmonize implementation of the Non-Proliferation Treaty's requirement to apply International Atomic Energy Agency (IAEA) safeguards to nuclear exports. Article III.2 of the Treaty requires parties to ensure that IAEA safeguards are applied to exports to non-nuclear weapon states of (a) source or special fissionable material, or (b) equipment or material especially designed or prepared for the processing, use or production of special fissionable material. The Committee maintains and updates a list of equipment and materials that may only be exported if safeguards are applied to the recipient facility (called the "Trigger List" because such exports trigger the requirement for safeguards).

All of the NPT nuclear weapon states, including China, are members of the Zangger Committee. However, China is the only member of the Zangger Committee that is not also a member of the Nuclear Suppliers Group (NSG), which requires full-scope safeguards (FSS) as a condition of nuclear supply to non-nuclear weapon states. China has not been willing to apply the more stringent conditions embodied in the NSG -- an important distinction from the Zangger Committee.

Nuclear Suppliers Group (NSG): With 39 member states, the Nuclear Suppliers Group (NSG) is a widely accepted and effective export-control arrangement, which contributes to the nonproliferation of nuclear weapons through implementation of guidelines for control of nuclear and nuclear-related exports. Members pursue the aims of the NSG through adherence to the Guidelines, which are adopted by consensus, and through exchanges of information on developments of nuclear proliferation concern.

The first set of NSG Guidelines (Part 1) governs exports of nuclear materials and equipment that require the application of International Atomic Energy Agency (IAEA) safeguards at the recipient facility, full scope safeguards in the recipient state, commitments for no nuclear explosive use and retransfer controls. The second set of NSG Guidelines (Part 2) governs exports of nuclear-related dual-use equipment and materials. The NSG Guidelines also control technology related to both nuclear and nuclear-related dual-use exports.

At the U.S.-hosted 2001 NSG Plenary meeting May 10-11, 2001, in Aspen, Colorado, the United States achieved its main objectives on restructuring the regime's mechanisms and procedures and revising its Guidelines.

The Plenary agreed to the establishment of a new Consultative Group (CG) which, under Plenary direction, will meet twice a year to deal with both Part 1 and 2 issues, including matters such as review of the Guidelines and control lists, procedures, information sharing, transparency, and outreach activities. The CG will also replace the NSG Dual Use Regime (DUR) which had previously had responsibility for coordination of dual-use control issues. The 2001 NSG Plenary also accepted the offer of the Czech Republic to chair the 2002 NSG Plenary; welcomed Slovenia to its first Plenary meeting; and authorized the United States as NSC Chair to continue contacts with Kazakhstan regarding possible future NSG membership. The Plenary took note of the concluding reports of Chairmen of the DUR, the Information Sharing Working Group, and the Transparency Working Group. All of these groups will be replaced by the CG.

The Plenary also took note of the report on outreach activities with non-members by the outgoing French Chair, who reported contacts with China, Egypt, India, and Iran. The Plenary authorized the U.S. Chair to continue coordination of outreach contacts with non-members. The NSG reaffirmed its 1992 decision requiring IAEA Full-Scope Safeguards as a condition of nuclear supply. At the same time, the NSG agreed to consider options for engaging with non-NSG countries that have developed nuclear programs and that are potential nuclear suppliers, for the purpose of strengthening the global nuclear nonproliferation regime.

South Asia Nuclear: Since their May 1998 nuclear tests, India and Pakistan have openly pursued their respective nuclear weapon programs and have continued production of fissile material for nuclear weapons and have flight-tested nuclear-capable ballistic missiles. Both India and Pakistan have the ability to conduct a nuclear exchange. We have sought to persuade New Delhi and Islamabad that open-ended nuclear and missile competition in South Asia would adversely affect both the subcontinent and other regions.

Some progress has been achieved in bringing Indian and Pakistani export controls into closer conformity with international standards. In April 2000, India instituted new, more specific regulations on many categories of sensitive

non-nuclear equipment and technology and has said that nuclear-related regulations will be forthcoming. In July 2001, Pakistan publicly announced regulations restricting nuclear exports and has indicated that further measures are being prepared. Both countries' steps still fall short of international standards, however. We have begun with India a program of technical cooperation designed to improve the effectiveness of its already extensive export controls and encourage further steps to bring India's controls in line with international standards.

On September 22, 2001, I waived Glenn Amendment sanctions that were imposed on India and Pakistan following their May 1998 nuclear tests. I also waived sanctions imposed on Pakistan under the Ex-Im Bank Act and the Pressler and Symington Amendments. These steps do not signal a diminution of U.S. nonproliferation commitments, but rather a desire to engage India and Pakistan on our nonproliferation concerns in a less coercive atmosphere.

Agreed Framework: In October 1994, the United States and the Democratic People's Republic of Korea (DPRK or North Korea) signed the Agreed Framework as part of a cooperative effort to resolve long-standing concerns about North Korea's nuclear program. As part of the Agreed Framework, North Korea froze its declared nuclear facilities, pledged to come into compliance with its International Atomic Energy Agency (IAEA) safeguards agreement, and committed to dismantle its graphite-moderated reactors and related facilities at Yongbyon and Taechon. The freeze at declared facilities remains in place and is monitored by the IAEA, which has maintained a continuous presence at the Yongbyon site since 1994.

The United States and DPRK have cooperated in the canning of spent fuel from the DPRK's 5-megawatt graphite-moderated nuclear reactor. Canning of all accessible spent fuel rods and rod fragments was completed in April 2000. The IAEA continues to monitor the canned fuel and has confirmed that any remaining rod fragments, which are currently inaccessible, do not constitute a proliferation concern. A U.S. spent fuel team regularly returns to the DPRK to continue maintenance operations and recondition leaking canisters.

The Agreed Framework bars the DPRK from constructing any new graphite-moderated reactors or related facilities, including reprocessing plants. United States identification in mid-1998 of an underground site near Kumchang-ni in North Korea, which was suspected of being nuclear-related, led to an arrangement

providing for U.S. access to the site as long as U.S. suspicions remained. On the basis of visits to the facility in May 1999 and May 2000, the United States concluded that the site as configured was not suited to house a nuclear reactor or reprocessing operations and, therefore, was not a violation of the Agreed Framework.

Although the Agreed Framework creates a process for resolving the North Korean nuclear issue, concern about the DPRK's nuclear intentions remains. North Korea is not in compliance with its NPT Article III obligation to comply with IAEA safeguards. Serious questions also persist about North Korea's compliance with its Article II obligation "not to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices."

In March 2001, I met with ROK President Kim Dae-Jung. The resulting joint statement reaffirmed the commitment of the United States and the ROK to continue the 1994 Agreed Framework, while calling on North Korea "to join in taking the needed steps for its successful implementation." In early June, my Administration announced it was prepared to resume diplomatic talks with the DPRK on a broad range of topics including nuclear, missile, and conventional force issues. The DPRK has yet to respond positively to the U.S. offer.

Iran Nuclear: Iran maintains an active nuclear weapons development program, despite its status as an NPT party. Among the persistent indicators that Iran is pursuing a nuclear weapons development program is the fact that Iran is attempting to obtain capabilities to produce both highly enriched uranium and plutonium -- the critical materials for a nuclear weapon. Neither of these capabilities is necessary to meet Iran's declared desire to have a civil nuclear power program to generate electricity, which is itself suspicious in light of Iran's abundant oil resources.

For the time being, Iran's nuclear program remains heavily dependent on external sources of supply. Because of this, the United States has played the leading role in developing and maintaining a broad international consensus against assisting Iran's foreign procurement efforts. The United States denies Iran access to U.S. nuclear technology and material, and all major Western suppliers have agreed not to provide nuclear technology to Iran. A number of supplier states have abandoned potentially lucrative sales to Iran's nuclear program. Russia

remains the one significant exception to this virtual embargo on nuclear cooperation with Iran.

Chemical and Biological Weapons (CBW)

EPCI Regulations: The export control regulations issued under the Expanded Proliferation Control Initiative (EPCI) remain fully in force and continue to be administered by the Department of Commerce, in consultation with other agencies, in order to control the export of items with potential use in WMD or missile programs. In particular, EPCI is being applied to items with potential use in chemical or biological weapons or unmanned delivery systems for weapons of mass destruction.

Chemical Weapons Convention (CWC): Chemical weapons (CW) continue to pose a very serious threat to U.S. security and that of U.S. allies. On April 29, 1997, the Convention, on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (the Chemical Weapons Convention or CWC) entered into force with 87 of the CWC's 165 States Signatories as original States Parties, including the United States, which ratified on April 25, 1997. Russia ratified the CWC on November 5, 1997, and became a State Party on December 8, 1997. As of the end of this reporting period, 143 countries have become States Parties.

The implementing body for the CWC -- the Organization for the Prohibition of Chemical Weapons (OPCW) -- carries out the verification provisions of the CWC and presently has a staff of approximately 500 international civil servants, including about 200 inspectors trained and equipped to inspect military and industrial facilities throughout the world. To date, the OPCW has conducted over 1,000 routine inspections in some 49 countries. No challenge inspections have yet taken place. The OPCW maintains an inspector presence at operational CW destruction facilities. Approximately 66 percent of the inspection days have been at U.S. facilities.

The United States is determined to seek full implementation of the concrete measures in the CWC. This includes accurate and complete declarations from all States Parties and compliance with the CWC's inspection provisions that provide for access by international inspectors to declared and potentially undeclared facilities and locations.

Countries that refuse to join the CWC are increasingly isolated politically and denied access under the CWC's provisions to certain key chemicals from States Parties. The relevant treaty provisions are specifically designed to penalize countries that refuse to join the CWC.

Biological Weapons Convention (BWC): The United States agreed in 1994 to participate in an Ad Hoc Group to negotiate a Protocol to the 1972 Biological Weapons Convention (BWC) that would "enhance confidence in compliance." On July 25, 2001, after a thorough United States Government policy review, the United States announced that the draft Protocol text was unacceptable and unfixable. The Administration has proposed other ideas and alternative approaches that would be effective in combating the threat of BW proliferation and in strengthening the BWC.

Australia Group (AG): The United States continues to be a leading participant in the 33-member Australia Group (AG) chemical and biological weapons (CBW) nonproliferation regime. The United States attended the most recent annual AG Plenary Session from October 1-4, 2001, during which the Group reaffirmed the members' continued collective belief in the AG's viability, importance and compatibility with the CWC and BWC. Responding to the terrorist events of September 11, AG participants agreed that strengthening the regime to better counter CBW proliferation and CBW terrorism should be a priority.

Participants agreed to several proposals aimed at plugging loopholes in current AG export controls; they also agreed that export controls, regional nonproliferation, and countering CBW terrorism will be the main focus of the Group for the foreseeable future. Members also continue to agree that full adherence to the CWC and BWC by all governments will be a key to achieving a permanent global ban on chemical and biological weapons and that all states adhering to these Conventions must take steps to ensure that their national activities support these goals. The Group welcomed Bulgaria as its newest member and reaffirmed its commitment to continue its active outreach program of briefings for non-AG countries, and to promote regional consultations on export controls and nonproliferation to further awareness and understanding of national policies in these areas.

Sanctions/Interdiction: During the last 6 months, we continued to examine closely intelligence and other information

concerning trade in CBW-related material and technology. On June 14, 2001, pursuant to the Iran Nonproliferation Act of 2000, the United States imposed sanctions on the Chinese firm Jiangsu Yongli Chemicals & Technology Import & Export Corporation for its involvement in the transfer of AG-controlled items to Iran. The United States continues to cooperate with its AG partners and other countries in stopping shipments of proliferation concern.

Country Issues: Iran continues to seek precursors and production technology to augment its CW stockpile and is believed to be actively pursuing biological warfare capabilities. Iraq has rebuilt some of its chemical production infrastructure allegedly for commercial use and has admitted to possessing BW production capability in the past. In the absence of U.N. inspections and monitoring, Iraq's programs may have been reconstituted. Syria and Libya continue to make improvements to their chemical weapons infrastructure, and both may be pursuing limited biological agent development. North Korea is assessed to maintain a stockpile of CW agents and possesses infrastructure that can be used to produce BW agents. Sudan has received foreign assistance in the development of a CW program and may be actively pursuing more advanced capability.

Missiles for Delivery of Weapons of Mass Destruction

The United States rigorously controls exports that could contribute to unmanned delivery systems for weapons of mass destruction and to monitor closely activities of potential missile proliferation concern. We also continue to implement U.S. missile sanctions laws and have imposed penalties on Chinese, Pakistani, and North Korean entities during this reporting period.

Missile Technology Control Regime (MTCR): During this reporting period, the Missile Technology Control Regime (MTCR) Partners (members) continued to share information about proliferation problems with each other and with other potential supplier, consumer, and transshipment states. Partners also emphasized the need for implementing effective export control systems. This cooperation has resulted in the interdiction of missile-related materials intended for use in missile programs of concern.

The MTCR held its annual Plenary Meeting in Ottawa, Canada, on September 24-28, 2001. At the Plenary, the MTCR Partners shared information about activities and programs of missile

proliferation concern, agreed that the risk of proliferation of WMD and their means of delivery remained a major concern for global and regional security, and considered additional steps they can take, individually and collectively, to prevent the proliferation of delivery systems for weapons of mass destruction. To this end, the Partners held a special meeting for enforcement officers to foster greater cooperation in stopping and impeding specific shipments of missile proliferation concern. They also reaffirmed the important role played by export controls and the need to strengthen them further and implement them vigorously. In addition, the Partners discussed ways to promote outreach to non-members on key issues such as the global missile threat, missile-related export controls, and transshipment.

International Code of Conduct Against Ballistic Missile Proliferation (ICOC): At the Ottawa Plenary, the Partners also continued their deliberations on the draft ICOC, which is intended to be a widely subscribed, voluntary, new multilateral mechanism for combating missile proliferation. The Ottawa discussions resulted in an augmented draft ICOC text that will be distributed to all countries. Universalization of the ICOC will take place through a transparent negotiating process open to all countries.

Sanctions: On November 21, 2000, the United States Government imposed Category I missile sanctions on the Pakistani Ministry of Defense and the Space and Upper Atmosphere Research Commission (SUPARCO) for their knowing engagement in missile proliferation activities with Chinese entities. The corresponding sanctions against Chinese entities were waived in recognition of China's November 2000 commitment not to assist any country in any way in developing nuclear-capable ballistic missiles and to put in place comprehensive missile-related export controls. The United States closely monitored and raised concerns with the PRC regarding its implementation of the November 2000 commitment. However, China failed to resolve our concerns. On September 1, 2001, the United States imposed MTCR Category II missile sanctions, as mandated by U.S. law, on the China Metallurgical Equipment Corporation (CMEC) and Pakistan's National Development Complex (NDC) for their involvement in missile-related transfers from China to Pakistan.

In June 2001, pursuant to the Iran Nonproliferation Act of 2000, the United States imposed missile sanctions on the North Korean entity Changgwang Sinyong Corporation for its involvement

in the transfer from North Korea to Iran of missile equipment and technology controlled by the MTCR Annex.

South Asia Missile: India has an extensive, largely indigenous ballistic missile development and production program. Nevertheless, India's ballistic missile programs have benefited from the acquisition of foreign equipment and technology, which India has continued to seek. Pakistan has an active ballistic missile program and, during the last several years, has received considerable Chinese and North Korean assistance in these efforts. Continued development of nuclear-capable ballistic missiles by both countries raises the prospect that more sophisticated and possibly destabilizing capabilities will be fielded in the coming years.

DPRK Missile: During the last several years, North Korea has been extremely active in the research, development, testing, deployment, and export of ballistic missiles. Pursuant to the Administration's North Korea policy review, on June 6, 2001, I announced that the United States was prepared to undertake serious discussions with North Korea on a broad agenda, to include: improved implementation of the Agreed Framework relating to North Korea's nuclear activities; verifiable constraints on North Korea's missile programs and a ban on its missile exports; and a less threatening conventional military posture. Despite the standing U.S. offer to hold these talks, official U.S.-DPRK dialogue has not resumed.

In August 2001, DPRK Chairman Kim Jong-Il met with Russian President Putin in Moscow and with PRC President Jiang Zemin in Pyongyang. During both meetings, Kim Jong-Il reportedly stated North Korea's commitment to maintain until 2003 the long-range missile launch moratorium, originally pledged in September 1999.

Iran Missile: Iran has substantial missile inventories and an indigenous ballistic missile production capability. In recent years, North Korean, Russian, and Chinese entities have continued to supply Iran with a wide variety of missile-related goods, technology, and expertise. In response to Iranian efforts to acquire sensitive items from Russian entities for use in Iran's missile and nuclear development programs, the United States has pursued a high-level dialogue with Russia aimed at finding ways to work together to cut off the flow of sensitive goods to Iran's ballistic missile development and nuclear weapon programs. Russia's Government has created institutional foundations to implement a newly enacted nonproliferation policy and passed laws to punish wrongdoers. It also has passed new

export control legislation and adopted implementing regulations to tighten government control over sensitive technologies and continued a dialogue with the United States aimed at strengthening export control practices at Russian aerospace firms. However, while some progress has been made, Russian entities continue to supply sensitive missile and nuclear items to Iran.

Other Countries: Other countries in addition to the above are pursuing missile programs. Iraq retains significant missile production capability and continues work on short-range ballistic missiles allowed by UNSCR 687. Technical experience gained in this pursuit will likely be applied to future longer-range missile development efforts. Libya's limited success with its indigenous missile production effort may renew its focus on purchasing a complete ballistic missile system. Syria continues to acquire missile-related equipment and materials and has received considerable foreign production assistance. According to the CIA's Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, July 1 through December 2000, the list of countries acquiring dual-use and other technology useful for the development or production of missiles also includes Egypt.

Value of Nonproliferation Export Controls

United States national export controls -- both those implemented pursuant to multilateral nonproliferation regimes and those implemented unilaterally -- play an important part in impeding the proliferation of WMD and missiles. (As used here, "export controls" refer to requirements for case-by-case review of certain exports, or limitations on exports of particular items of proliferation concern to certain destinations, rather than broad embargoes or economic sanctions that also affect trade.)

As noted in this report, however, export controls are only one of a number of tools the United States uses to achieve nonproliferation objectives. Global nonproliferation treaties and norms, multilateral nonproliferation regimes, interdictions of shipments of proliferation concern, sanctions, export control assistance, redirection and elimination efforts, and robust U.S. military, intelligence, and diplomatic capabilities all work in conjunction with export controls as part of the overall U.S. nonproliferation strategy.

Export controls are a critical part of nonproliferation because every emerging WMD/missile program seeks equipment and technology from other countries. Proliferators look to other sources because needed items are unavailable within their country, because indigenously produced items are of substandard quality or insufficient quantity, and/or because imported items can be obtained more quickly and cheaply than domestically produced ones.

It is important to note that proliferators seek for their WMD and missile programs both items on multilateral lists (like gyroscopes controlled on the MTCR Annex and nerve gas precursors on the Australia Group list) and unlisted items (like lower-level machine tools and very basic chemicals). In addition, many of the items of interest to proliferators are inherently dual-use. For example, key precursors and technologies used in the production of fertilizers or pesticides also can be used to make chemical weapons; bio-production technology can be used to produce biological weapons.

The most obvious value of export controls is in impeding or denying proliferators access to key pieces of equipment or technology for use in their WMD/missile programs. In large part, U.S. national export controls -- and similar controls of partners in the Australia Group, Missile Technology Control Regime, and Nuclear Suppliers Group -- strive to deny proliferators access to the largest sources of the best equipment and technology. If denied, proliferators might then turn to non-regime suppliers to seek less capable items. Moreover, in many instances, U.S. and regime controls and associated efforts have forced proliferators to engage in complex clandestine procurements, taking time and money away from their WMD/missile programs.

United States national export controls and those of regime partners also have played an important role in increasing over time the critical mass of countries applying nonproliferation export controls. For example: the seven-member MTCR of 1987 has grown to 33 member countries; the NSG adopted full-scope safeguards as a condition of supply and extended new controls to nuclear-related dual-use items; several non-member countries have committed unilaterally to apply export controls consistent with one or more of the regimes; and most of the members of the nonproliferation regimes have applied national "catch-all" controls similar to those under the U.S. Enhanced Proliferation Control Initiative. (Export controls normally are tied to a specific list of items, such as the MTCR Annex. "Catch-all"

controls provide a legal basis to control exports of items not on a list, when it is believed that those items could be destined for WMD/missile programs.)

The United States maintains a global program to assist other countries' efforts to strengthen their export control systems. Assistance is focused on helping weapons-source countries and countries along potential smuggling routes to develop effective export control regimes, including effective capabilities to control illicit weapons trafficking across their borders; to establish the necessary legal and regulatory basis for effective export controls; to improve licensing procedures and practices; to coordinate, train, and equip export enforcement agencies, including customs agents and border security and enforcement authorities; to develop and install automated information systems for licensing and enforcement; and to foster effective interaction between government and industry on export controls. The program has placed some 15 advisors in countries around the world to coordinate export control/border security activities. The program has registered numerous successes: a number of countries have adopted export control laws and regulations largely based on U.S. advice; and various countries' enforcement agencies have used U.S. equipment and training to interdict the movement of arms, related items, and radioactive materials across borders.

Finally, export controls play an important role in enabling and enhancing legitimate trade. They provide a means to permit dual-use exports to proceed under circumstances where, without export control scrutiny, the only prudent course would be to prohibit them. They help build confidence between countries applying similar controls that, in turn, results in increased trade. Each of the WMD nonproliferation regimes, for example, has a "no undercut" policy committing each member not to make an export that another has denied for nonproliferation reasons and notified to the rest -- unless it first consults with the original denying country. Not only does this policy make it more difficult for proliferators to get items from regime members, it establishes a "level playing field" for exporters.

Threat Reduction

The potential for proliferation of WMD and missile delivery system expertise has increased in part due to continued economic and political instability in Russia and other Newly Independent States (NIS). The human dimension of proliferation continues to present a serious threat and is addressed through U.S. programs,

such as the International Science and Technology Center, that support the transition of former Soviet weapons scientists to civilian research and technology development activities.

Expenses

Pursuant to Section 401(c) of the National Emergencies Act (50 U.S.C. 1641 (c)), I have been advised that there were no specific expenses directly attributable to the exercise of authorities conferred by the declaration of the national emergency in Executive Order 12938, as amended, during the period from May 16, 2001, through November 11, 2001.

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