

**THE BUSH ADMINISTRATION'S FORWARD
STRATEGY FOR NONPROLIFERATION**

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It is good to be home among so many friends at the American Enterprise Institute.

I am particularly happy that Jeremy Rabkin and AEI have just published *The Case for Sovereignty: Why the World Should Welcome American Independence*. I congratulate him on his far-reaching analysis, in which he reinforces that security remains the core responsibility of sovereign states.

I thought it would be useful today to look at our nonproliferation policy in this context, and the degree to which the Bush Administration has launched initiatives that do not rely on cumbersome treaty-based bureaucracies, and that work cooperatively with other sovereign states to deny rogue nations and terrorists access to the materials and know-how needed to develop weapons of mass destruction (“WMD”). Our policies during the past several years have shown that a robust use of the sovereign authorities we, and our allies, have at our disposal can bring about real results.

Methodically, piece-by-piece, the Administration is reinventing the nonproliferation regime it inherited, crafting policies to fill gaping holes, reinforcing earlier patchwork fixes, assembling allies, creating precedents, setting new limits, and changing perceived realities and stilted legal thinking. And it's still building. To this President must go the credit for many long-delayed but indispensable actions to reverse our slide into helpless gridlock and inaction.

Legal Architecture to Deal with Nonproliferation

The legal authorities to deal with rogue states and actors, including terrorists, intent on obtaining WMD and their means of delivery are numerous and varied.

A quick study of proliferation-related laws shows that there are more than 15 statutes dealing in large measure with these issues. We could have a detailed debate about ways to revise or synchronize these laws, but in fact the question really is not one of legal authority. Rather, the question is whether we have the will to make full use of these authorities, to take active measures, consistent with our legal authorities, to address the problems of

proliferation. This Administration's central innovation, which I believe indispensable for any successful nonproliferation effort, is the demonstrated will to use the existing authorities to obtain our goal of disarming our enemies. This is a transforming precedent.

“Forward” Policy on Proliferation

On February 11, at the National Defense University, President Bush gave what is arguably one of the most “wonkish” speeches ever delivered by a President. I liked it. He detailed a number of proposals that made clear the Administration's overarching approach: the frontlines in our nonproliferation strategy must extend beyond the well-known rogue states to the trade routes and entities that are engaged in supplying the countries of greatest proliferation concern. This is a “forward” policy, which can properly be described not as “nonproliferation,” but as “counterproliferation.” We are employing a number of tools to thwart WMD and missile programs, including sanctions, interdiction, and credible export controls. Most aspiring proliferators are still dependent on outside suppliers and technology. Thus, we can slow down and even stop their weapons development plans by disrupting their procurement efforts.

As we have learned clearly from such recent events as the unraveling of the A.Q. Khan network and the Libyan WMD program, proliferators are employing increasingly sophisticated and aggressive measures to obtain WMD or missile-related materials. They rely heavily on the use of front companies and illicit arms brokers in their quest for arms, equipment, sensitive technology and dual-use goods for their WMD programs. These front companies and brokers are expert at concealing the intended destination of an item and in making an illicit export appear legitimate -- in essence hiding the export in the open. Proliferators take other measures to circumvent national export controls, such as falsifying documentation, providing false end-user information, and finding the paths of least resistance for trafficking in WMD materials. As the spotlight has shone upon the Khan network, it is clear that those involved find the loophole in a law or the weak border point, and exploit them.

Sanctions

Economic penalties or sanctions are an essential tool in a comprehensive nonproliferation strategy. Prior to September 11, there was great debate as to whether nonproliferation sanctions that were not “multilateral” should be imposed at all. The imposition or even the mere threat of sanctions by sovereign states can be a powerful lever for changing behavior, as few countries wish to be labeled publicly as irresponsible. Sanctions not only increase the costs to suppliers, but also encourage foreign governments to adopt more responsible nonproliferation practices, and ensure that entities within their borders do not contribute to WMD programs.

This Administration imposed WMD-related sanctions 26 times last year, 34 the year before that and has already done so 13 times this year. That’s an average of about 30 per year since we got rolling in 2002. Compare that with the average number of nonproliferation sanctions passed per year during the last Administration -- 8 -- and you will see that this Administration is very serious about using sanctions as a nonproliferation tool. We have imposed measures under the Iran Nonproliferation Act, the Iran-Iraq Act, the Chemical and Biological Weapons Sanctions Law, the Missile Sanctions Law, and Executive Order 12938.

Last month we imposed sanctions on 13 foreign entities for WMD or missile trade with Iran. These included sanctions against companies from Russia, Belarus, China, Taiwan, North Korea, and Macedonia. As you can see by the range of countries whose entities were involved in sanctions, we are not just increasing the numbers but also looking for proliferation wherever it exists.

These sanctions under the Iran Nonproliferation Act illustrate our efforts to utilize U.S. statutory authorities to the fullest extent to advance our nonproliferation goals. Under Bush Administration policy, the State Department is reviewing every known transfer to Iran -- not only of those items controlled under U.S. export regimes, but also of those items that have the potential to make a material contribution to WMD or missiles.

Our perspective on sanctions is clear and simple. Companies around the world have a choice: trade in WMD materials with proliferators, or have normal trade with the United States, but not both. Where national controls fail, and when companies make the wrong choice, there will be consequences. U.S. law is clear, and we are committed to enforcing these laws to their fullest extent.

New International Mandate

In his September, 2003, speech to the UN General Assembly, President Bush proposed that the Security Council pass a resolution calling on member states to criminalize WMD proliferation, enact export controls, and secure sensitive materials within their own borders. The Administration worked over the course of eight months to craft what became the unanimously adopted Security Council Resolution 1540, which achieved all of the goals set out by the President. We are now encouraging and assisting countries around the world, in their sovereign capacities, to enact more stringent export control laws, to put in place effective licensing procedures and practices, and to back them up with effective enforcement mechanisms. Each of these parts must be effective in order for an export control regime to be credible. For example, tightening export-control laws alone is meaningless without rigorous enforcement. We frequently hear statements that countries are tightening their export controls, but the proof is not what appears on paper, but in what happens in reality, where trafficking in sensitive goods and technologies is subject to scrutiny, prosecution and penalty.

We continue active diplomatic efforts with like-minded states in the multilateral export control regimes -- the Nuclear Suppliers Group, Missile Technology Control Regime, Australia Group, the Wassenaar Arrangement. None are treaty-based.

We exchange information about attempts by rogue states to acquire controlled technologies, and assess whether additional items should be added to control lists. Since September 11, these groups have each undertaken efforts to address the risk of individuals or terrorist groups acquiring controlled commodities for small-scale but lethal WMD projects. While the export control regimes are an important tool in stemming proliferation from advanced nations, trade between proliferant countries continues, and often outside the control of countries participating in these regimes.

We therefore are urging suppliers in each of the groups not simply to look to the letter of their commitments, but to exercise maximum vigilance against efforts by proliferators to procure items that would assist countries to

become self-sufficient in producing WMD and their means of delivery. For example, as part of an effort to impede North Korea's procurement attempts, at the December 2002 Nuclear Suppliers Group ("NSG") meeting, lists were distributed identifying items that, while not NSG-controlled, would nonetheless be useful in the North's reprocessing or enrichment programs and supplier states were asked to exercise vigilance in preventing procurement of even these "uncontrolled" items. We are also working to tighten controls over nuclear-related exports to Iran, and to raise awareness of potential suppliers to Iran's aggressive clandestine procurement efforts.

The Proliferation Security Initiative

In 2002, the President released his National Strategy to Combat WMD, which contained the seeds of the Proliferation Security Initiative, or PSI. The strategy emphasized enhancing the capabilities of our military, intelligence, technical, and law enforcement assets to prevent the movement of WMD materials and technology to hostile states and terrorist organizations.

Several weeks ago, in Krakow, Poland, 62 countries gathered to mark PSI's one-year anniversary, which President Bush had announced there in May 2003. PSI, a muscular enhancement of our ability collectively to halt trafficking in WMD components, is among the most prominent of this Administration's innovations. In developing PSI, our main goal has been a simple one -- to create the basis for practical cooperation among states to help navigate this increasingly challenging arena. We often say, "PSI is an activity, not an organization." This is not hard to understand, but is unusual. We think it is a fundamental reason for PSI's success to date. PSI is not diverted by disputes about candidacies for Director General, agency budgets, agendas for meetings, and the like. Instead, PSI is almost entirely operational, relying primarily on the activities of intelligence, military and law-enforcement agencies. PSI reflects the reality that, even as we continue to support and strengthen the existing nonproliferation regimes, proliferators and those facilitating the procurement of deadly capabilities are circumventing existing laws, treaties, and controls against WMD proliferation. Through PSI, we create the basis for action to ensure that we can stop proliferators in their tracks.

When PSI first emerged, it was criticized inaccurately as an initiative with a shaky legal underpinning. In fact, PSI's foundation is our respective national legal system and relevant international authorities. There is ample authority to support interdiction actions at sea, in the air, and on land. States around the world have concurred with this fact and made political commitments to the PSI Principles. Importantly, the unanimous passage of UN Security Council Resolution 1540 establishes clear international acknowledgement that active cooperation, such as PSI, is both useful and necessary. Specifically, paragraph 10 of the Resolution calls upon all states to "take cooperative action to prevent illicit trafficking in nuclear, chemical, and biological weapons, their means of delivery and related materials."

Despite PSI's infancy, there already have been notable successes. The interception, in cooperation with the United Kingdom, Germany and Italy, of the *BBC China*, a vessel loaded with nuclear components for Libya, helped convince Qadhafi that the days of his undisturbed accumulation of the instruments of destruction were over.

This interdiction also helped unravel the A.Q. Khan nuclear black-market network. Our citizens now understand the stunningly extensive nature of Khan's trafficking in nuclear technology and materials. These revelations, combined with invaluable information from Libya's program, have knocked the legs out from under an especially insidious international black market in nuclear weapons.

Overlooked, however, is the Administration's success in persuading Pakistan's leaders to take active measures to interrupt the proliferation of nuclear materials and assistance that has metastasized unchecked through the Khan network for many years. We're now in the process of unraveling that network, although much work remains to be done, in Pakistan and elsewhere.

The Global Partnership

Another important Administration initiative is the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, launched by the Leaders of the G-8 at the Kananaskis Summit in June, 2002. Here again, the US-led initiative relies on the commitments of sovereign states acting separately and in concert to secure sensitive materials. Like PSI, the

Global Partnership is an activity, not an organization. The G-8 Leaders pledged to raise up to \$20 billion over ten years for projects to prevent dangerous weapons and materials from falling into the wrong hands.

The United States will contribute half of this total -- \$ 10 billion -- through projects funded and implemented by the Departments of Defense, Energy, and State, many of which were begun, and many of which continue, under the Nunn-Lugar Cooperative Threat Reduction program. Of the remaining \$10 billion to be committed by other G-7 countries, approximately \$7 billion has already been pledged. Last year the G-8 welcomed the participation of six additional donor countries -- Finland, the Netherlands, Norway, Poland, Sweden, and Switzerland -- and this year an additional seven -- Australia, Belgium, the Czech Republic, Denmark, Ireland, New Zealand, and South Korea.

The United States already has nonproliferation projects underway not only in Russia but in Ukraine, Kazakhstan, Uzbekistan, Georgia, and other FSU states, as do other Global Partnership countries.

The United States has recently begun assistance in Iraq and Libya. We are encouraging our partners to undertake their own projects in such states worldwide and at Sea Island the G-8 agreed to use the Global Partnership to coordinate our activities in these areas. We have new legislative authority to devote a portion of Department of Defense Cooperative Threat Reduction (CTR) resources to countries outside the former Soviet Union, and we are looking to expand the scope of our efforts accordingly.

In the decades after World War II the United States and the Soviet Union built research reactors that used highly enriched uranium for fuel in dozens of locations around the world. As a result, substantial amounts of such fuel are stored at or near such reactors under security arrangements that vary widely in quality. Both the United States and Russia want to convert such reactors to low enriched uranium fuel, and to remove highly enriched uranium. In recent months we have worked with Russia to remove highly enriched uranium fuel from Yugoslavia, Bulgaria, Romania, and Libya, and continue to plan for additional removals. Our goal is to reduce to an absolute minimum international commerce in weapons-usable uranium throughout the world.

More to be done – the G-8 Sea Island Summit

Even with all that has been done, much more remains, as the Administration is the first to point out. The President laid out an agenda listing several areas in which additional action is urgently needed, including addressing the proliferation problems inherent in countries seeking to acquire the complete nuclear fuel cycle and the need for expanded export controls worldwide, among others. At the G-8 Summit earlier this month at Sea Island, the G-8 Leaders endorsed the President's agenda. In an Action Plan on Nonproliferation, the Leaders agreed upon a number of steps, such as strengthening PSI and the Global Partnership, and addressed and further elaborated upon each of the President's proposals. In particular, G-8 Leaders committed to work together to address the threat posed by the DPRK and by Iran.

The Use of Force

Now making the rounds is the view that the United States has lost credibility around the world due to our policy in Iraq. I suggest the exact opposite is true. In the WMD field, we, in fact, have gained enormous, immensely valuable and even decisive credibility from our actions there. We have also learned that what we need to fear most in WMD proliferation are not pieces of metal and stocks of supplies, but intellectual capital. It is the capability and knowledge to create successful nuclear, chemical, biological and missile programs that is the hardest to cultivate but once gained, the more real danger. Coupled with money, like seeds and water, intellectual capital is what Saddam was preserving for the WMD-filled future he sought. Eliminating his regime, and redirecting his WMD scientists and technicians, also eliminated that future. Our actions have made a difference. This is not theory. We have proof in the real world. Muammar Qadhafi's decision to surrender his weapons of mass destruction programs came in direct consequence of our actions in Iraq and the successful operation of the Proliferation Security Initiative, and the broad political and economic pressures we brought to bear over the preceding decade in favor of our counterterrorism and counterproliferation objectives. And it's a powerful precedent that a state can surrender these weapons without a regime change. Our intervention in Iraq has made this seminal message both possible and credible for the first time.

The benefits of our policy are evident in the current stand-off with Iran. The recent exposure of Iran's massive nuclear weapons program has startled that regime into a hastily constructed policy of stalling and superficial cooperation. The Iranians continue to state publicly that they will not give up their nuclear programs, but their "cooperation" has been helpfully motivated by their fear of U.S. action against them. Here as well, Iran's adherence to the deal it cut with Britain, France and Germany for a suspension of its programs has been made more likely by the readiness of the U.S. to act, a source of real-world leverage that even the Europeans privately acknowledge to be useful. In fact, much of this has been accomplished not by threatening the use of force against Iran, but merely by calling for Iran's nuclear program to be placed on the agenda of the Security Council. Never has the Council been so feared! This is quite an achievement for an Administration frequently criticized as "unilateralist."

Moreover, none of this has been lost on the North Korean regime. Our demonstrated willingness to act decisively provides the decision-makers in Pyongyang with useful instruction in the rules – and consequences – of this new world. Once again, this bracketing of the regime's options was made possible by our actions in Iraq. The Six-Party talks are on-going now, and we hope they will yield progress. At the G-8 Summit the Leaders expressed their strong support for the talks and urged the DPRK to dismantle all of its nuclear weapons-related programs in a complete, verifiable, and irreversible manner as a fundamental step to facilitate a comprehensive and peaceful solution.

Conclusion

We must make up for decades of stillborn plans, of wishful thinking, of irresponsible passivity. We're already late, but we are no longer bystanders wringing our hands and hoping that somehow we will find shelter from gathering threats, no longer dispirited by difficult problems that have no immediate answer, no longer waiting for some international court to issue a reluctant warrant or grudging permission to allow us to take measures to protect ourselves.

This President has begun to lay the foundation for a comprehensive, root-and-branch approach to the mortal danger of the proliferating instruments of

our destruction. Let there be no doubt that this Administration is determined to use every resource at our disposal to stem WMD proliferation. We use diplomacy regularly, economic pressure when it will make a difference, active law enforcement when appropriate, and military force when we must.

We are only at the beginning, but it is an extraordinary beginning. Everyone in this room, everyone in this country, owes this Administration thanks for the fact that we are not only meeting this ultimate of threats on the field, but we are advancing on it, battling not only aggressively, but successfully. For the outcome of this battle may be nothing less than the chance to survive.