Strategic Trade Controls in Asia: Learning by Example
By Stephanie Lieggi & Robert Shaw

As Asian countries face the challenge of strengthening trade controls on nuclear materials, they need to develop human resources and skills to monitor a highly technical field.

An innovative program in the United States has helped train Chinese officials, write Stephanie Lieggi and Robert Shaw, and its benefits should be applied to Southeast Asia.

TRAFFICKING OF SENSITIVE materials related to nuclear and other weapons of mass destruction has been a major challenge for the international community over the last decade. Concerns about non-state actors’ access to WMD-related commodities led to the passage of United Nations Security Council Resolution 1540 (UNSCR 1540) in 2004, which established an obligation for all UN member states to strengthen controls on sensitive materials related to WMD development.1 In April 2011, the Security Council renewed the mandate of the UNSCR 1540 Committee for another 10 years.2

Measures to counter the illicit trafficking of nuclear materials are also a major focus of the Nuclear Security Summit in Seoul, which will include Northeast Asian states with active civilian nuclear programs — China, Japan and South Korea — as well as nuclear power aspirants in Southeast Asia — Indonesia, Malaysia, the Philippines and Thailand.3 The participation of these countries illustrates that the issue of nuclear materials control is growing in Asia.

Developing economies in Asia, however, including those with nascent civilian nuclear programs, have been slow to build capacity in the nuclear security and strategic trade controls highlighted by UNSCR 1540.4 As such, these states may be targets for networks trafficking nuclear materials and technology. The region is not new to the issue of WMD-related trafficking. The A.Q. Khan network in Pakistan, whose operations were exposed in 2004, used companies and transit points throughout Asia to carry out nuclear trafficking activities. More recently, North Korean and Iranian procurement networks have exploited unwitting suppliers and trans-shipment hubs in the region on numerous occasions to acquire materials needed for their nuclear programs.5

BUILDING CAPACITY AND POLITICAL WILL
To counter these networks, collaborative efforts involving governments, international organizations and non-governmental organizations (NGOs) are under way to build the capacity in Asia necessary to secure nuclear and radiological materials, and control trade in sensitive dual-use commodities. One of these programs is the Asian Export Control Fellows Program, established by the James Martin Center for Nonproliferation Studies (CNS) at the Monterey Institute of International Studies in California, with funding from the US Department of Energy’s National Nuclear Security Administration (NNSA). The program trains government officials working with strategic trade control systems in Asia on non-proliferation-related controls on commodities. The training aims to provide knowledge on how to develop and implement these controls and facilitate greater understanding of why managing sensitive dual-use materials is essential for global security.

Through the program’s curriculum, along with the additional coursework managed by our partners at the Center for International Trade and Security (CITS) at the University of Georgia, the participating officials learn the essential elements of establishing and maintaining effective national non-proliferation-related trade controls. The program addresses the latest trends in the field as well as best practices for developing and implementing legislation, regulations and enforcement.

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The program began in 2004, originally with a focus on China. At the time, China was attempting to build a new export control system based on a series of regulations issued in 2002 covering the trade of sensitive materials. By 2004, Beijing’s system was slowly transforming from an opaque collection of unpublished administrative directives to an arrangement that mirrored international norms and was more akin, at least on paper, to the legal frameworks in developed economies. In this period, however, human capacity did not match the new regulations, and even Chinese officials openly acknowledged the problem of properly implementing the new controls.

The idea for the Fellows Program was born out of concerns both inside and outside the Chinese government about the lack of human resources and ineffective bureaucratic co-ordination. After discussions with Chinese officials, CNS established a three-month training program aimed at creating the capacity to implement, and maintain, effective non-proliferation trade controls.

Program participants, generally from customs or licensing agencies, have consistently noted that their time in Monterey, as well as their additional weeks at CIT, give them the opportunity to study issues that would have been impossible otherwise. During their normal work routine, little time is available to reflect on the overarching non-proliferation issues that are core to establishing and maintaining a viable export control system. For example, the Fellows Program looks in-depth at procurement activities of countries such as Iran and North Korea and tries to identify key types of commodities that traffickers are seeking to procure. It gives officials the time and opportunity to study and understand not just the logistical issues, but also why trade controls and non-proliferation are vital to national and international security.

The program also includes a series of meetings in Washington, DC where the participants meet and exchange views with their counterparts in the US export control system, which is also undergoing reform and updating. The fellows are thus able to observe how an export control system continues to evolve and renew itself, while trading experiences with other professionals involved in curbing illicit trafficking networks.

The training itself evolved as China’s trade control development matured. In the first years of the program, the curriculum focused on things like administrative best practices in the development and implementation of effective trade controls. Later, as participating officials already had an understanding of trade control fundamentals, more advanced topics were added including challenges posed by e-commerce, cloud computing and the increasingly globalized nature of high-technology industries.

**STRENGTHENING SYSTEMS IN SOUTHEAST ASIA: THE CHINA MODEL**

The success of the program for Chinese officials has prompted CNS to consider applying similar approaches to training throughout Asia. Taking Southeast Asia as an example, strategic trade controls (with the exception of Singapore) remain weak and under-resourced. In a number of ways, trade control systems in this part of Asia resemble the system in pre-2002 China. Southeast Asian states have historically mistrusted these types of controls, particularly multilateral regimes such as the Nuclear Suppliers Group (NSG), viewing these as roadblocks for the peaceful application of dual-use materials in perceived contravention to treaties such as the Nuclear Non-proliferation Treaty (NPT). States in the region also argue that they do not possess weapons of mass destruction and their domestic industries do not produce sensitive dual-use commodities so they should therefore not be subject to strict strategic trade control regulations. However, as these states progress economically, so does their capacity to produce — and export — sensitive dual-use materials. Additionally, the fact that illicit trafficking networks have often used ports in the region as trans-shipment hubs means stricter controls cannot be avoided.

Similar to China in the past (and to some extent today in the present), Southeast Asian nations lack sufficient bureaucratic and human resource capacity. Chinese export control officials, who have seen their system develop rapidly over the last seven years, would be a good source of best practices for regional officials facing the daunting task of drafting and implementing regulations and control lists. Therefore, it may be useful to include Chinese officials as both participants and sources of expertise in future regional training and outreach.

Of course, including Chinese officials in this capacity would not be without controversy, as there are significant questions about the political will of the top leadership in Beijing to stop their own companies — particularly politically connected ones — from trading in sensitive materials with proliferating countries. The political questions aside, Chinese officials working on strategic controls on a day-to-day basis — especially licensing, regulatory and customs agents — could impart useful real-world experience to other Asian officials. China has already shown some leadership on this issue; in 2009, Beijing hosted the ASEAN Regional Forum’s first meeting on the implementation of UNSCR 1540. Within such events, Chinese officials can present best practices and relevant experiences to Asian officials who are starting to develop their own domestic programs. As international partners, governmental and non-governmental, move forward with training and exchange programs, attention must be given to representing the full spectrum of strategic trade control development. Including participants from multiple states at various levels of trade control development — emerging (in Southeast Asian states), maturing (China) and reforming (the US) — would support the kind of community-building necessary to effectively counter illicit nuclear-related trafficking over the long term. Such cooperation would strengthen a professional culture aimed at countering proliferation and create new channels of information-sharing to defeat the efforts of nuclear traffickers operating in Asia.