



Export Controls: Fighting Proliferation and Building Confidence by Brad Glosserman

SINGAPORE - The bomb blast at the J.W. Marriott hotel in downtown Jakarta is only the most recent reminder of the ruthless cruelty of international terrorism. The topic dominates every discussion of Asian security. Those talks have become increasingly sharp in the face of a rising death toll worldwide and growing fears that these groups will get their hands on weapons of mass destruction or the materials to make them.

Most attention has focused on efforts to go after the terrorists themselves, the wars in Afghanistan and Iraq, counterterrorism programs in Southeast and Central Asia, and the new doctrine of preemption. But checking the spread of weapons of mass destruction requires a strategy that targets both users of WMD and their suppliers. While Hollywood's favorite plot usually has a ready-made weapon falling into the hands of a terrorist organization, in real life a terrorist or a would-be proliferator focuses on buying technology and components, almost all of which is available on the international market. It's a lot more boring. Unfortunately, it's a lot more likely to be successful.

Export controls are designed to cut off that supply. In simplest terms, they are procedures adopted by countries to regulate and monitor the trade in weapons and weapons-related, or dual-use (civilian and military) technologies. While these controls by themselves can't stem the danger of proliferation, a recent study by the University of Georgia's Center for International Trade and Security concludes that "they can and do play an important role in slowing it, delaying a security threat while other forces (diplomacy, economic, and potentially military) can be brought to bear."

A variety of export control regimes are already in existence. Four schemes - the Missile Technology Control Regime, the Nuclear Suppliers Group, the Australia Group, and the Wassenaar Arrangement - provide the foundation for multilateral efforts, but they are hampered by a growing number of states that don't have effective national controls, widely differing views about the nature of the WMD threat, and the inability of any scheme to quickly adapt to new proliferation concerns. This last problem is especially acute for the dual-use items deployed in civilian and military sectors. These problems, concludes the CITS study, "are likely to significantly reduce the effectiveness of multilateral control efforts in the coming years."

The problems are becoming especially acute in Asia. The region has resumed its economic growth, and economic development has yielded significant indigenous technological capacity. Trade continues to provide the underpinning of growth: the region accounts for 25 percent of global merchandise and 20.8 percent of the world's commercial services. As a result, East Asia now has 11 of the world's 20 megaports, including seven of the top 10. Economic integration is also critical: intra-Asian trade takes up about 45 percent of the region's total trade.

At the same time, East Asian governments are spending increasing amounts of money on their militaries. Despite an overall decrease in military spending worldwide after the end of the Cold War, East Asian spending climbed from \$95 billion to \$130 billion from 1988 to 1998. In ASEAN, military expenditures jumped 52 percent in real terms over the same period. Most of that spending is going to technological capacity needed to modernize their militaries. More worrisome still, much of it is indigenously produced, making development of a regional export control mechanism even more urgent.

A final concern is the rise of terrorist forces in Asia. Southeast Asia has become a second front in the war against international terror, with groups like Jemaah Islamiyah, al-Qaeda, the Moro Islamic Liberation Front, and the Abu Sayyaf operating throughout the region and, even worse, establishing links among one another.

Scott Jones, an expert on export controls, argues that "growing trade interdependence, increasing indigenous design and production capabilities (i.e., a growing pool of potential and actual sensitive technologies suppliers), expanding military budgets, intensified technology transfers to and from the region, and an ever-expanding share of the cargo trade market represent the regional challenges to the configuration and effective execution of nonproliferation export controls."

The region's dependence on trade for development highlights the dilemma for governments contemplating export controls: they are extremely reluctant to endorse any measure that might undercut growth prospects. And while that is the chief problem, it isn't the only one. Some Asian nations lack the capacity to set up effective monitoring systems. Others are skeptical about surrendering any sovereignty to international institutions; the fear that abstaining from a sale will only help a competitor with less scruples increases the skepticism.

Nonetheless, there are reasons to be optimistic. At a recent Council for Security Cooperation in the Asia Pacific (CSCAP) meeting in Singapore, Seema Gahlaut, an export controls expert at the University of Georgia who has studied European Union export controls, noted that those governments overcame many of the same obstacles. Creation of an internal market opened borders as did the economic integration of East Asia. Perceptions of the threat differed from state to state, and the ability of member governments to regulate exports varies widely. Even among the most advanced countries, the ability to monitor transactions is diminishing as globalization proceeds; firms, capital, and labor become increasingly transnational; and information technology makes borders increasingly permeable.

Yet even facing these daunting challenges, EU nations found common ground and set up an export control regime. Gahlaut points out that the Union governments concluded that the costs of inaction far outweighed the benefits. The most important rationale was acknowledging the need for confidence among its trading partners. Establishment of a credible and effective export control scheme demonstrated the EU's seriousness and its commitment to fighting terrorism. It allows EU companies to forge more "technology-embedded" business relationships and stay on the cutting edge of emerging technologies. And, not to be forgotten, it also safeguards the EU itself. As the Bali and Jakarta blasts reminded governments in Southeast Asia, it is not only the U.S. that is a target of international terrorism.

The EU program provides uniform regulations on export controls, but licensing decisions are made at the local level. That retains local authority and undercuts sovereignty objections. Information on licenses that are denied are shared with all member states; this should eliminate fears that one company will benefit from the security consciousness of another. Licenses issued by one country will be respected by all other EU governments. Critically, all information on licenses and denials is available in a standardized format and is shareable.

Taken together, the EU program should increase trade by standardizing procedures and eliminating concerns about the "trustworthiness" of European companies while enhancing national security.

The EU scheme could serve as a model for East Asia. The CSCAP working group on Confidence and Security Building Measures has put export controls on its agenda and will be studying the applicability of the European experience for East Asian governments.

This track-two effort is likely to find traction on the official, track-one level. At the Singapore meeting, Chinese

CSCAP members stressed their country's commitment to developing a better export control regime. They saw the effort as a critical part of China's attempt to modernize its economy and to build better relations with the United States. This is a promising development and could signal a broader shift in thinking throughout the region. China-U.S. cooperation in this area could also serve as a model for broader regional cooperation.

They may get help from another partner. Japan has been instrumental in helping push regional coordination on the export controls issue. Jones, of the University of Georgia, credits Tokyo with playing a "key leadership role in nonproliferation export controls." Japan launched an Asian Export Control Initiative in the 1990s. Official Development Assistance guidelines include nonproliferation factors, and the government has helped raise awareness of the issues involved through multilateral and bilateral seminars and training programs.

Japanese efforts to spearhead export controls is an excellent example of burden-sharing within the U.S.-Japan security alliance. It can pay dividends on another front as well. Opportunities to increase coordination and cooperation between Japan and China should never be missed. An aggressive and well developed export controls regime could enhance Asia-Pacific security on two fronts: by cutting off the technology that permits the proliferation of weapons of mass destruction and by increasing mutual confidence among regional governments.

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