

Improving Multilateral Export Controls and Technology Access For the Developing World

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Washington, DC

EVENT SUMMARY

On December 12, 2002, the Stanley Foundation and the Henry L. Stimson Center co-hosted a discussion on whether global efforts to enhance nonproliferation through multilateral export controls have adversely impacted international development, trade, and technology transfer. Attendees included US government officials, foreign embassy representatives, international and non-governmental organization experts, as well as representatives of industry and media. Although comments made at this event were not for attribution, the following summary lays out several of the key themes highlighted in the two-hour discussion.

Expanding on an international dialogue begun at a three-day conference convened last April by the Stanley Foundation to address the issue of “Technology Access for the Developing World: Reconciling Global Regimes and National Security Mandates,” this event highlighted US perspectives on efforts to improve coordination of multilateral export controls and the impact on non-regime members. The meeting began with a reminder of the “Grand Bargain” forged over three decades ago with the entry into force of the Nuclear Nonproliferation Treaty (NPT).¹

Remembering the “Grand Bargain”

Although a widespread misconception, membership in the various multilateral export control arrangements —the Nuclear Suppliers Group (NSG), Australia Group (AG), Missile Technology

¹ See The Stanley Foundation, *Technology Access for the Developing World: Reconciling Global Regimes and National Security Mandates*, 33rd United Nations Issues Conference Report, April 26-28, 2002, available online at <http://reports.stanleyfoundation.org/current.htm> and the accompanying Policy Brief.

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Control Regime (MTCR), and the Wassenaar Arrangement (WA)— does *not* grant parties to these agreements enhanced access to advanced technologies. In other words, there is no *quid pro quo* for a commitment to nonproliferation.

Nevertheless, there *is* underlying these cooperative international regimes an understanding that efforts to stem global proliferation should not unduly hinder access by developing nations to the technological assets they need to prosper, so long as the use of such assets can be verified as peaceful in nature. This stems from the “Grand Bargain” made upon the signing of the NPT: that non-nuclear weapons states would forego pursuit of a nuclear arsenal so long as the nuclear weapons states worked toward achieving global disarmament and the non-nuclear nations were given assistance in establishing peaceful uses of nuclear technology for development purposes. Many in the developing world, however, feel that the grand bargain enshrined in the NPT has been forgotten by the world’s major powers, while multilateral export controls are viewed as a growing impediment to international technology transfers that are essential to their economic development. Similarly, there are growing concerns that the CWC and BWC also are being implemented in a biased fashion, with emphasis given to the nonproliferation concerns of Great Powers without regard for the development-related components of the treaty regimes.²

Export Controls as Barriers to International Trade and Development: The Hard Facts

As participants in the April 2002 dialogue also had observed, however, there appears little hard evidence of multilateral control regimes acting as barriers to trade, despite the widespread perception of such discrimination among developing and non-aligned nations. In fact, the available data overwhelmingly shows the opposite to be true, with trade between the United States and many developing countries accelerating and the number of denied exports declining. As one speaker noted, export controls affect only a very small and diminishing percentage of international trade. Thus, if the case for export controls as a barrier to international trade is to be made convincingly, proponents of this view must provide credible statistical data to support their

² Unlike the NPT, however, the CWC and BWC prohibit *all* parties from possessing these weapons. Nonetheless, Article VI, paragraph 11 of the CWC states, “The provisions of this Article shall be implemented in a manner which avoids hampering the economic or technological development of States Parties, and international cooperation in the field of chemical activities for purposes not prohibited under this Convention including the international exchange of scientific and technical information and chemicals and equipment for the production, processing or use of chemicals for purposes not prohibited under this Convention.” The BWC has a similar provision in Article X, stating in paragraph (2) that “This Convention shall be implemented in a manner designed to avoid hampering the economic or technological development of States Parties to the Convention or international cooperation in the field of peaceful bacteriological (biological) activities, including the international exchange of bacteriological (biological) agents and toxins and equipment for the processing, use or production of bacteriological (biological) agents and toxins for peaceful purposes in accordance with the provisions of the Convention.”

contention. One speaker suggested such a study would be useful and might be undertaken by non-governmental organizations. Other participants noted that the problems of poverty, limited rule of law, high military spending, and political corruption that are pervasive throughout much of the developing world also must be factored into international trade and export control decisionmaking.

Still, the perception of multilateral export controls as barriers to trade and technology transfer persists and must be addressed by regime members. Complaints often made by developing nations include both substantive concerns (e.g., criticism of the regimes' scope, membership criteria, and effects on trade) as well as procedural issues.³ An important aspect of this problem is the need for increased transparency. For those nations outside the multilateral export control framework, there is little understanding of how these regimes operate. Nor is there sufficient transparency with regard to new controls agreed to by regime members or on how different member states will implement and enforce these measures. As a result, the application of multilateral export controls can appear arbitrary and inconsistent, which, not surprisingly, can breed distrust. To address these concerns, participants suggested the need for expanded international outreach and training by the various regimes. Moreover, as a recent review by the US General Accounting Office points out, greater transparency also is needed to improve coordination among the regime members themselves.⁴

Multilateral Export Control Arrangements: Too Strong or Too Weak?

While much of the developing world views multilateral export controls as too restrictive, many in the West—particularly critics in the United States—fear the regimes have become too weak. This has led some to question whether the regimes are worthwhile. Recent studies, however, have concluded that the control regimes, though imperfect, are valuable and, overall, function relatively well. The regimes governing nuclear, chemical, and biological weapons generally are viewed as more effective than is the MTCR or Wassenaar Arrangement, though critics acknowledge the added challenges inherent in the latter regime's focus on conventional arms as well as dual-use goods and technologies. Although there are many areas in need of improvement—among them, better information sharing, timely and full reporting on licensing decisions,

³ This is not to say that the nonaligned states all share the same view. According to interviews conducted by the US General Accounting Office (GAO), regime officials find that while many may be supportive of nonproliferation principles and/or practices, some nonaligned states are interested in joining, while others are constrained by political, resource, or cost concerns, and a small number are openly opposed to the regimes and international nonproliferation norms.

⁴ US General Accounting Office, *Nonproliferation: Strategy Needed to Strengthen Multilateral Export Control Regimes* (Washington, DC: October 2002).

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harmonization of control lists and licensing processes, and more—the consensus thus far favors maintaining and strengthening the multilateral export control framework.⁵ Participants also noted that the regimes, particularly the Wassenaar Arrangement, have not been in existence very long and require time to evolve into more fully effective arrangements, especially given the immense challenges posed by globalization.

Moreover, as several participants commented, the regimes serve various other important purposes. Although experts recognize that the regimes cannot prevent proliferation, they can impede or at least slow down efforts to acquire or proliferate dangerous weapons, technology, and know-how. By raising the costs and the time needed to acquire such assets, the regimes effectively devalue these items and undermine the incentive to acquire them. Additionally, the regimes help to build confidence among their members (which, in many cases, overlap across regimes) through regular cooperation and consultation. Members share licensing data as well as intelligence information, creating a paper trail that can provide important clues to global proliferation patterns. Finally, the regimes help to perpetuate a nonproliferation norm and to legitimize international standards that both member and non-member states can support.

Other Ideas for Reform

Nonetheless, much more can—and, some critics charge, should—be done to better coordinate the nonproliferation efforts of regime members. Among the proposals discussed by event participants is the possible consolidation of the four regimes into one international body.⁶ This remains a controversial idea, however. Some regime members have long had concerns that merging the regimes would be too difficult and that the processes, technologies, and memberships are either too diverse or problematic for a merger to succeed and be beneficial. Moreover, after examining this option in-depth, the recently completed review by the GAO concluded that it entailed significant risks and could exacerbate existing problems if implemented prior to enactment of measures needed to improve the effectiveness of each regime. Yet, at the same time, developing nations would clearly benefit from a streamlined process requiring fewer regime-specific commitments and costs.

⁵ For a comprehensive review of the multilateral export control arrangements and recommended areas of improvement, see US General Accounting Office, *Nonproliferation: Strategy Needed to Strengthen Multilateral Export Control Regimes* (Report 3-43, Washington, DC: October 25, 2002), available online at <http://www.gao.gov/new.items/d0343.pdf>.

⁶ This is the main recommendation of a recent report by the Center for International Trade and Security (CITS). See *Strengthening Multilateral Export Controls* (October 2002). The *Study Group Report on Enhancing Multilateral Export Controls for US National Security* (April 2001) also recommended consideration of a possible merger of the multilateral regimes over the long term. The latter is available online at <http://www.stimson.org/exportcontrol>.

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Whether an actual merger is possible or even desirable, the debate makes clear the need for new ideas and international initiatives on improving the way nations around the world cooperate on stemming the proliferation of weapons of mass destruction and other dangerous technologies. This task is even more vital given the challenges presented by globalization, the emergence of “second-tier” proliferators (such as North Korea), and increasing transnational terrorist activities. What all parties do agree on is that, to be effective, nonproliferation and export controls must be pursued multilaterally.