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U.S. Efforts to Stop the Spread of Weapons of Mass Destruction

John R. Bolton, Under Secretary for Arms Control and International Security

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[\[Accompanying graphs and map\]](#)

Thank you, Mr. Chairman and members of the Committee, for the opportunity to appear before you today. Last week in Poland, President Bush said that the greatest threat to peace is the spread of nuclear, chemical, and biological weapons, and announced a new effort to fight proliferation. I am here today to discuss America's battle against the proliferation of weapons of mass destruction and our new approach to this threat. I will summarize my prepared statement, which I ask be included in the record, and would be pleased to answer any questions the Committee may have.

On May 31 in Krakow, Poland, President Bush announced a new effort to combat weapons of mass destruction (WMD), called the Proliferation Security Initiative. Our goal is to work with other concerned states to develop new means to disrupt the proliferation trade at sea, in the air, and on land. The initiative reflects the need for a more dynamic, proactive approach to the global proliferation problem. It envisions partnerships of states working in concert, employing their national capabilities to develop a broad range of legal, diplomatic, economic, military and other tools to interdict threatening shipments of WMD- and missile-related equipment and technologies. To jumpstart this initiative, we have begun working with several close friends and allies to expand our ability to stop and seize suspected WMD transfers. Over time, we will extend this partnership as broadly as possible to keep the world's most destructive weapons away from our shores and out of the hands of our enemies.

We aim ultimately not just to prevent the spread of WMD, but also to eliminate or "roll back" such weapons from rogue states and terrorist groups that already possess them or are close to doing so. While we stress peaceful and diplomatic solutions to the proliferation threat, as President Bush has said repeatedly, we rule out no options. To do so would give the proliferators a safe haven they do not deserve, and pose a risk to our innocent civilian populations and those of our friends and allies.

Principles of nonproliferation are known and formally accepted around the world. But, they are too often ignored and flagrantly violated by determined states that view WMD as integral to their survival and international influence. Many of these states are nearly immune to conventional diplomatic dialogue. While we pursue diplomatic dialogue wherever possible, the United States and its allies must be willing to deploy more robust techniques, such as (1) economic sanctions; (2) interdiction and seizure, as I outlined earlier; and (3) as the case of Iraq demonstrates, preemptive military force where required. The pursuit of WMD and ballistic missile delivery systems cannot be cost free. Proliferators -- and especially states still deliberating whether to seek WMD -- must understand that they will pay a high price for their efforts. In short, if the language of persuasion fails, these states must see and feel the logic of adverse consequences. Moreover, the logic of adverse consequences must fall not only on the states aspiring to possess these weapons, but on

the states supplying them as well.

The Axis of Evil

In **Iraq**, coalition forces acted to enforce UN Security Council resolutions and have assumed the responsibility of disarming Iraq -- an Iraq that both actively pursued weapons of mass destruction and harbored terrorists on the most-wanted lists. As part of the Coalition effort to establish an Iraq that is at peace with itself and its neighbors, and that poses no threat to international peace and security, we will make sure that the Iraq disarmament effort is comprehensive, and that the international community and the Iraqi people are assured that Iraq's capacity for weapons of mass destruction has been eliminated. The Coalition is committed to conducting disarmament in a methodical manner. With the passage of UN Security Council resolution 1483, the shape and scope of any future UN role regarding Iraq's WMD programs, in this new context, remain under consideration.

Saddam Hussein's Iraq had a robust program to develop all types of weapons of mass destruction - - nuclear, biological, and chemical weapons, and the capability to deliver them. CIA determined in its recent *Unclassified Report to Congress on the Acquisition of Weapons of Mass Destruction and Advanced Conventional Weapons* that Iraq continued its efforts to develop a nuclear bomb, and could have produced one within one year if it had been able to acquire weapons-grade fissile material abroad. CIA also determined that Iraq had biological weapons (BW) and chemical weapons (CW) programs. UNMOVIC concurred with this assessment and maintained that Iraq had not been forthcoming about its weapons programs and retained the ability for large-scale production of BW and CW weapons. UNMOVIC concluded that Iraq did not destroy about 10,000 liters of anthrax. UNMOVIC also reported that Iraq never accounted for an estimated 6,000 missing CW munitions. Although we have not yet found Iraq's cache of CW weapons, the plethora of chemical weapons suits we have found indicated that these weapons must have been there -- and in abundance. But more important, we have put an end to Saddam's capacity to produce and reacquire these weapons. That capability -- the potential Saddam had to restock his chemical, biological or nuclear weapons caches using his army of trained scientists -- coupled with Saddam's demonstrated willingness to use these weapons posed a real threat to the civilized world.

The clearest example of Iraq's WMD program we have found so far has been the mobile BW laboratories. CIA and DIA recently released an unclassified white paper on the labs that explained why biological weapons production was the only logical use of these labs. The CIA/DIA case is compelling and carefully deals with alternate uses and the cover stories Iraq devised to prevent UN inspectors from discerning the actual purpose of the mobile labs. As you know, the mobile BW labs were one of the examples of Iraq's WMD programs that Secretary Powell described in his speech to the UN Security Council.

The range of Iraq's Al-Samoud and Al-Fatah missiles violated UN Security Council resolution 687's limitation of 150 kilometers. CIA believes that Iraq was also developing longer range missiles. As you know, Iraq fired a handful of its missiles at Kuwait when the war began and would have fired more if our forces had not quickly neutralized these weapons. U.S. forces also found tactical rockets with warheads especially designed for CW delivery, though they were not filled with chemical agent.

The biggest threat that we now face from Iraq's defunct WMD program is from the scientists and technicians who developed these weapons. We are very concerned that other rogue states or terrorist organizations will hire and offer refuge to these WMD experts, and we are taking steps to prevent this expertise from finding its way to other WMD programs. Planning also is now also underway in the inter-agency for an effort to redirect Iraqi scientists and other WMD personnel to full-time civilian employment once the exploitation phase is over. This effort will provide WMD personnel an alternative to emigration and give the U.S. a means to keep tabs on their whereabouts in Iraq.

We are devoting substantial resources toward ensuring Iraq's full disarmament. We have developed a comprehensive approach to identifying, assessing and eliminating Iraq's WMD program and delivery systems, and to ensuring productive, peaceful employment for Iraq's scientists and technicians. This effort is based on three initial activities: first, interviewing and obtaining

cooperation from key Iraqi personnel; second, accessing, assessing and exploiting a number of sensitive sites; and third, obtaining and exploiting documents, computer hard-drives, etc. As part of this effort, Coalition forces have secured the facilities that house Iraq's natural and low-enriched uranium. The United States and the International Atomic Energy Agency (IAEA) are finalizing plans to send a 7-person IAEA team to Iraq under the protection and auspices of Coalition forces to conduct a Nuclear Nonproliferation Treaty (NPT) safeguards inspection of the storage area near Tuwaitha. That site is under IAEA safeguards pursuant to Iraq's safeguards agreement with the IAEA. We anticipate the arrival of an IAEA team in Iraq on June 6.

A crucial part of our effort to locate Iraqi WMD is the Iraq Survey Group (ISG). The ISG is a significant expansion of our hunt for Iraqi WMD. It will be composed of some 1,400 people from the United States, Australia, and the United Kingdom. Knowledgeable WMD experts will search for banned weapons in Iraq and debrief Iraqi scientists. The ISG has an analytic center in Qatar, but is headquartered in Baghdad. It also is supported by the DIA Iraq Fusion Center at the Defense Intelligence Agency's Headquarters.

The ISG is an unprecedented intelligence collection effort. Under Secretary of Defense for Intelligence Steve Cambone has done a masterful job creating it and I am confident that under his leadership the ISG will enable us to find and eliminate Iraq's WMD programs. I am proud to announce that Paula DeSutter, the Assistant Secretary of State for Verification and Compliance, is working closely with Steve's team and that her talented staff will help the ISG verify the existence of Iraq's WMD program.

We are also trying to learn more about proliferation networks, both in Iraq and abroad, in support of our broad nonproliferation objectives. This will assist us in identifying front companies and individuals that may be involved in these networks.

The hard lessons learned by Iraq must resonate with other proliferating countries. Those countries should heed that thwarting international obligations and standards -- by seeking weapons of mass destruction -- is not in their national interests and will not be tolerated by the international community.

On **Iran**, we have seen for some time indications of a clandestine program to develop nuclear weapons. The United States and its allies expressed concern at the Evian G-8 Summit about Iran's covert nuclear weapons program, stating that "we will not ignore proliferation implications of Iran's advanced nuclear program" and that "we offer our strongest support to comprehensive IAEA examination of this country's nuclear program." The world has put Iran on notice that it must stop pursuing nuclear weapons.

We now know that Iran is developing a uranium mine, a uranium conversion facility, a massive uranium enrichment facility designed to house tens of thousands of centrifuges, and a heavy water production plant. This costly infrastructure would support the production of both highly enriched uranium and plutonium for nuclear weapons. While Iran claims that its nuclear program is peaceful and transparent, we are convinced it is otherwise.

One unmistakable indicator of military intent is the secrecy and lack of transparency surrounding Iran's nuclear activities. Iran did not disclose its uranium enrichment facility, or its heavy water production facility to the IAEA until construction was so far along that an opposition group made them public. Iran has a long history of denying the IAEA full access to its nuclear program, and continues to refuse to accept the IAEA strengthened safeguards Additional Protocol, despite calls by IAEA Director General ElBaradei and many others to do so. Iran's failure to accept the Additional Protocol, which would give the IAEA increased access to investigate undeclared nuclear activities and facilities, exposes Iran's claims of "transparency" as clearly false.

Another troublesome indicator of the true nature of the Iranian nuclear program is that the cover stories put forward for the development of a nuclear fuel cycle and for individual facilities are simply not credible. For example, Iran is making an enormous investment in facilities to mine, process, and enrich uranium, and says it needs to make its own reactor fuel because it cannot count on foreign supplies. But for the next decade Iran will have at most a single power reactor, and Russia has

committed itself to supply all the fuel for the lifetime of that reactor. In addition, Iran does not have enough indigenous uranium resources to fuel even one reactor over its lifetime. So we are being asked to believe that Iran is building uranium enrichment capacity to make fuel for reactors that do not exist from uranium Iran does not have.

Iran would have us believe it is building a massive uranium enrichment facility without having tested centrifuge machines, and building a heavy water production plant with no evident use for the product. The more credible explanation is that Iran is building the infrastructure to produce highly enriched uranium in centrifuges and plutonium in a heavy water moderated reactor.

Finally, there is Iran's claim that it is building massive and expensive nuclear fuel cycle facilities to meet future electricity needs, while preserving oil and gas for export. In fact, Iran's uranium reserves are miniscule, accounting for less than one percent of its vast oil reserves and even larger gas reserves. A glance at a chart of the energy content of Iran's oil, gas, and uranium resources shows that there is absolutely no possibility for Iran's indigenous uranium to have any appreciable effect on Iran's ability to export oil and gas. Iran's gas reserves are the second largest in the world, and the industry estimates that Iran today flares enough gas to generate electricity equivalent to the output of four Bushehr reactors, as shown on the second chart.

The conclusion is inescapable that Iran is pursuing its "civil" nuclear energy program not for peaceful and economic purposes but as a front for developing the capability to produce nuclear materials for nuclear weapons.

Iran is a party to the NPT, and has a full-scope safeguards agreement with the IAEA. Following the revelation of Iran's construction of nuclear facilities, IAEA Director General ElBaradei visited Iran this year, found sophisticated uranium enrichment centrifuges, and raised questions in his March report to the IAEA Board of Governors. IAEA inspection teams have subsequently returned to Iran. We doubt Iran would have built such a large enrichment plant and other nuclear facilities without first conducting experiments that in turn would raise questions about Iran's sincerity in meeting its safeguards obligations to the IAEA. Iran's safeguards agreement with the IAEA requires reporting of nuclear materials and experiments using nuclear materials. If not reported to the IAEA, testing of centrifuges with uranium, for example, or experiments involving Iran's research reactor would conflict with Iran's safeguards obligations. We look forward to Director General ElBaradei's report on what his teams have found in Iran to the next meeting of the IAEA Board of Governors in June.

Despite all Iran has done, it is not too late to halt and reverse Iran's pursuit of nuclear weapons. The United States is using all diplomatic tools to this end. We have focused special attention on Russia, the supplier of the Bushehr reactor. Following sustained high-level exchanges, Russia shares our concern about Iran's nuclear activities, joins us in supporting the IAEA's ongoing inspections, and wants Director General ElBaradei to make a full and unbiased report to the Board of Governors on what his inspectors in Iran have found. My Russian colleague, Deputy Foreign Minister Mamedov, made these points publicly on May 27.

In Vienna, we are providing support to the IAEA to facilitate a rigorous examination of Iran's nuclear facilities by IAEA inspectors. If the IAEA finds that Iran's nuclear activities are not in compliance with its safeguards obligations, the case would be compelling that the international community should oppose uranium enrichment and plutonium reprocessing capabilities in Iran and halt all nuclear cooperation with Iran.

The danger that Iran poses with its clandestine nuclear weapons program is compounded by Iran's pursuit of an advanced and self-sufficient chemical weapons infrastructure, its active quest for biological warfare capabilities, and its long-range ballistic missile program. Despite being a party to the Chemical Weapons Convention (CWC), it is widely known that Iran has stockpiled blister, blood and choking CW agents, and possesses the bombs and artillery shells to deliver them. It continues to seek chemicals, production technology, training, and expertise from Chinese entities that could further Tehran's efforts at achieving an indigenous capability to produce nerve agents, which Iran previously has manufactured. The United States also believes that Iran probably has produced BW agents and likely maintains an offensive BW program, in violation of the Biological and Toxin Weapons Convention (BWC), to which it is Party. Foreign dual-use biotechnical materials,

equipment, and expertise -- primarily, but not exclusively, from Russia -- continue to feature prominently in Iran's procurement efforts. While such materials do have legitimate uses, Iran's biological weapons program could also benefit from them. It is likely that Iran has capabilities to produce small quantities of biological weapons agents, but has a limited ability to weaponize them. Furthermore, ballistic missile-related cooperation from entities in the former Soviet Union, North Korea, and China over the years has helped Iran move toward its goal of becoming self-sufficient in the production of ballistic missiles. Such assistance includes equipment, technology, and expertise. Iran, already producing Scud short-range ballistic missiles (SRBMs), is in the late stages of developing the Shahab medium-range ballistic missile (MRBM) and is pursuing longer-range missiles.

Vigorous implementation of our sanctions policy is a key part of our Iran nonproliferation effort. We have sanctioned entities in China and Moldova for assistance to the Iranian missile program, as well as entities in Iran itself.

We cannot let Iran, a leading sponsor of international terrorism, acquire the most destructive weapons and the means to deliver them to Europe, most of central Asia and the Middle East -- or further.

North Korea's nuclear weapons ambitions also present a grave threat to regional and global security and a major challenge to the international nonproliferation regime. At the recent Evian G-8 Summit, the United States and its allies approved this unequivocal language on Pyongyang's covert nuclear weapons program:

North Korea's uranium enrichment and plutonium programs and its failure to comply with its IAEA safeguards agreement undermine the nonproliferation regime and are a clear breach of North Korea's international obligations. We strongly urge North Korea to visibly, verifiably, and irreversibly dismantle any nuclear weapons programs, a fundamental step to facilitate a comprehensive and peaceful solution.

Not only are we dealing with a country that has repeatedly violated its international nonproliferation obligations, but we also face the prospect that North Korea could produce and then export fissile material or weapons to rogue states or terrorists. This is a danger that cannot be ignored.

By the mid-1990s, the U.S. intelligence community assessed that North Korea had one, possibly two, nuclear weapons. Since Pyongyang acknowledged in October 2002 that it was pursuing a covert uranium enrichment program, it has rejected international calls for it to reverse course and has taken escalatory actions in further violation of its international nuclear nonproliferation commitments. To summarize, North Korea in late December 2002 lifted its freeze at the Yongbyon plutonium production facilities -- a freeze that had been required under the 1994 Agreed Framework -- and expelled IAEA inspectors. On January 10, 2003, North Korea announced that it was withdrawing from the NPT. Despite a February 12, 2003 finding by the IAEA Board of Governors that North Korea was in further non-compliance with its safeguards obligations and a report of this finding to the UN Security Council, North Korea restarted the 5 megawatt reactor at Yongbyon. North Korea claims that the reactor is for electricity generation, but we are confident that the reactor will also produce plutonium for North Korea's nuclear weapons program. The electricity the reactor generates is roughly equal to that needed for its operation, belying the notion that it will generate electricity of any useful proportion. The reactor's real utility to North Korea is that it produces spent fuel, which contains plutonium that can be recovered through reprocessing and used for nuclear weapons. North Korea asserts that it has nearly completed reprocessing the 8,000 spent fuel rods stored at Yongbyon. We are concerned that North Korea may decide or has decided to begin reprocessing. The North could produce enough additional plutonium for as many as six nuclear weapons in several months. We have made clear to North Korea that reprocessing would be a serious escalatory step in the wrong direction.

While all options remain on the table, the United States has made clear repeatedly and at the highest levels that we seek a peaceful, diplomatic end to North Korea's nuclear weapons program. We insist on addressing the challenge multilaterally with all countries concerned, including Japan and the Republic of Korea, playing an integral role.

Trilateral talks between the United States, China, and North Korea from April 23-25 in Beijing allowed all sides to make their views known. North Korean officials made several troubling statements at the talks. In addition to assertions about reprocessing, they also told us unequivocally on the margins of the talks that they have nuclear weapons. They further threatened to demonstrate this fact, or even transfer nuclear weapons. While they said there is a way to move forward and gave us a proposal, Secretary of State Powell has already indicated that it is a proposal that is not going to take us in the direction we need to go. The proposal simply restated North Korea's previous demands. These sentiments were recently echoed by the Foreign Minister of South Korea, who noted there was nothing new in the proposal.

North Korea's claims and threats will not intimidate the United States. We are not going to pay for the elimination of North Korea's nuclear weapons program -- a program the North should never have begun in the first place. North Korea's statements are evidence that it continues to try to intimidate -- even blackmail -- the international community into giving into its demands. We reject these statements, and particularly the intent behind them, in the strongest possible terms. We continue to insist that North Korea must terminate its nuclear weapons program completely, verifiably, and irreversibly. And there will be no inducements to get them to do so. Giving into nuclear blackmail will only encourage this behavior, not only in North Korea, but also in nuclear aspirants around the world. North Korea must understand that its efforts to pressure the United States and the international community into meeting its demands will not bear fruit. Indeed, resolution of the problem North Korea has created by its own pursuit of nuclear weapons can only come through verified elimination of its nuclear weapons program.

North Korea must end its indigenous missile program and missile exports. North Korea possesses Scud and No-Dong missiles and is developing the Taepo-Dong 2. North Korea is by far the most aggressive proliferator of missiles and related technologies to countries of concern. These sales are one of the North's major sources of hard currency, which in turn allow continued missile development and production. Additionally, the United States believes North Korea has a dedicated, national-level effort to achieve a biological weapons capability in violation of the BWC. North Korea also has a sizeable stockpile of chemical agents and weapons, which it can employ with a variety of means. North Korea is not a State Party to the CWC.

If North Korea verifiably and irreversibly terminates its nuclear weapons program, the United States is willing to reconsider discussing its "bold approach." Assistance would be provided to North Korea through the "bold approach" if the North addresses concerns about its WMD and missile program and exports as well as other issues, including its conventional force disposition, narcotics trafficking, human rights, and its continued sponsorship of terrorism outside its borders. In the meantime, we urge North Korea to refrain from further escalatory steps that will only bring more harm to its own national interests and will further its isolation from the international community.

Beyond the Axis of Evil

We have long been concerned about **Libya's** longstanding efforts to pursue nuclear, chemical and biological weapons, and ballistic missiles. Following the suspension of UN sanctions in 1999, Libya resumed its efforts to enhance and expand its efforts to obtain WMD and ballistic missile-related equipment, technology, and expertise from foreign sources.

Allow me to briefly review the facts. Libyan President Muammar Qaddafi has unambiguously asserted that Arab countries have the right to pursue nuclear weapons. Among its WMD programs, Libya's chemical warfare effort is the most advanced. Libya is not a State Party to the CWC and continues to pursue an indigenous CW production capability. It remains heavily dependent on foreign suppliers for precursor chemicals, expertise and CW-related equipment. Following the suspension of UN sanctions, Libya reestablished contacts with foreign sources abroad, primarily in Western Europe. Libya has acceded to the BWC, but continues a biological weapons program. It has not advanced beyond the research and development stage, although it may be capable of producing small quantities of biological agent. It needs foreign assistance and technical expertise -- again, made more possible with the suspension of UN sanctions -- to help use available dual-use materials. Regarding missiles, outside assistance is critical and Libya continues its efforts to obtain ballistic missile equipment and technology. Libya's current capability probably remains limited to

Scud B SRBMs, but with continued foreign assistance, it may achieve a MRBM capability or extended-range Scud capability.

Libya must understand that improved relations with the United States means forgoing its WMD and missile programs. We are urging the closest possible scrutiny by potential suppliers and the strictest possible enforcement of export controls to prevent sensitive transfers to Libya.

We seek also to disrupt Syria's WMD and missile-related procurement efforts. As we have informed Congress, we are looking at Syria's nuclear program with growing concern and continue to monitor it for any signs of nuclear weapons intent. Although it has never used chemical agents in a conflict, Syria has maintained a chemical weapons program for many years. It has a stockpile of the nerve agent sarin and is engaged in research and development of the more toxic and persistent nerve agents. Damascus is currently dependent on foreign sources for key elements of its chemical warfare program, including precursor chemicals and key production equipment. Syria is not a State Party to the CWC.

We know that Syria is pursuing the development of biological weapons. Due to its limited biotechnical infrastructure, it is unlikely that Syria has produced effective biological weapons agents or weapons at this point. Syria has signed but not ratified the BWC.

On missiles, Syria has a combined total of several hundred Scud B, Scud C and SS-21 SRBMs, and is believed to have chemical warheads available for a portion of its Scud missile force. Damascus is pursuing both solid- and liquid-propellant missile programs and relies extensively on foreign assistance in these endeavors. North Korean entities have been involved in aiding Syria's ballistic missile development. All of Syria's missiles are mobile and can reach much of Israel and large portions of Iraq, Jordan, and Turkey from launch sites well within the country. Syria's development and acquisition of more capable missiles, coupled with its interests in WMD, exacerbates an already volatile situation in the Middle East.

Although **Cuba** has ratified the BWC, we believe it has at least a limited, developmental offensive biological warfare research-and-development effort. Cuba has provided dual-use biotechnology to rogue states, which could support their BW programs. Furthermore, the biotechnology industry is a top national priority and is characterized by dual-use, sophisticated equipment, modern facilities, generous funding, and highly trained personnel.

We are also working with **Sudan** to reconcile concerns we have voiced in the past about their attempts to seek capabilities from abroad to research chemical weapons production. Sudan acceded to the CWC in 1999, but is not a State Party to the BWC. Sudan does not have a nuclear weapons program, but we are concerned that Sudan may seek a ballistic missile capability in the future.

A "Forward" Policy on Proliferation

Our frontlines in our nonproliferation strategy need to extend beyond the immediate states of concern to the trade routes and entities that are engaged in supplying the countries of greatest proliferation concern. In support of this "forward" policy of nonproliferation, we are employing a number of tools to thwart and counter countries' weapons of mass destruction and missile programs, including sanctions, interdiction, and credible export controls. Most of these states are still dependent on outside suppliers and expertise. Thus, we can slow down and even stop their weapons development plans by employing a policy that seeks to disrupt their procurement attempts.

Proliferating states and entities are employing increasingly sophisticated and aggressive measures to obtain WMD or missile-related equipment, materials, and technologies. 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 shipping an illicit commodity. If there is a loophole in a law or a weak border point, those responsible for rogue states' WMD programs will try to exploit it. All too often they succeed.

Economic penalties or sanctions are an essential tool in a comprehensive nonproliferation strategy. The imposition or even the mere threat of sanctions 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 take steps to adopt more responsible nonproliferation practices and ensure that entities within their borders do not contribute to WMD programs.

This Administration imposed sanctions 34 times last year, and has already imposed 12 sanctions this year, with a dozen more in progress on which we will soon be consulting Congress. Compare that with the average number of 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 on May 9, the United States imposed nonproliferation penalties pursuant to E.O. 12938 on the Chinese entity, North China Industries Corporation (NORINCO), and the Iranian entity, Shahid Hemmat Industrial Group. Penalties were imposed because the United States Government determined that these entities contributed materially to the efforts of Iran to use, acquire, design, develop, produce or stockpile missiles capable of delivering weapons of mass destruction. The same day, the United States also imposed sanctions on the Moldovan entity Cuanta S.A. and its director, Mikhail Pavlovich Vladov, for missile-related cooperation with Iran.

Our perspective on sanctions is clear and simple. Companies around the world have a choice: trade in WMD materials with proliferators, or 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 requires it and we are committed to enforcing these laws to their fullest extent.

For example, the most recent report submitted to the Congress pursuant to the Iran Nonproliferation Act illustrates our efforts to utilize U.S. statutory authorities to the fullest extent to advance our nonproliferation goals. For the first time, 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.

Interdiction efforts are also key to a comprehensive nonproliferation strategy. Interdiction involves identifying an imminent shipment or transfer, and working to impede and turn back the shipment. As the President noted in his National Strategy to Combat WMD, we must enhance the capabilities of our military, intelligence, technical, and law enforcement communities to prevent the movement of WMD materials, technology, and expertise to hostile states and terrorist organizations.

On May 31 in Krakow, the President announced the Proliferation Security Initiative. We are in the early stages of discussing with several close friends and allies the President's initiative to expand interdiction efforts related to WMD- or missile-related shipments to and from countries of proliferation concern. A robust interdiction effort requires cooperation with like-minded countries -- those who are leaders in nonproliferation as well as those who may have a direct relationship with proliferation activities. Properly planned and executed, interception of critical technologies while en route can prevent hostile states and non-state actors from acquiring these dangerous capabilities. At a minimum, interdiction can lengthen the time that proliferators will need to acquire new weapons capabilities, increase the cost, and demonstrate our resolve to combat proliferation.

The *So San* episode in December of last year illustrates that proliferators are vulnerable to having their shipments interdicted by the U.S. and our allies. In the last two months, interception of aluminum tubes likely bound for North Korea's nuclear weapons program and a French and German combined effort to intercept sodium cyanide likely bound for North Korea's chemical weapons program are examples of recent interdiction successes. Although indirectly related to North Korea's WMD program, the seizure of the *Pong Su* last month as it tried to deliver heroin off

the coast of Australia is another example of the importance of interdiction efforts. Criminal efforts by the North Koreans to obtain hard currency should be of no surprise. As we close off proliferation networks, we inevitably will intercept related criminal activity and overlapping smuggling rings. Targeting and exploiting the vulnerabilities of proliferators and their criminal networks will require coordinated efforts across the spectrum of diplomatic, intelligence, law enforcement, and military interests. Congressional support and commitment to resources for these efforts will be essential.

As one step in an effort to plug the holes in national export controls, we are encouraging and assisting countries around the world to enact more stringent export control laws, put in place effective licensing procedures and practices, and to back them up with effective enforcement mechanisms. Each of these three parts must be effective in order for an export control regime to be credible. For example, while tightening export controls will benefit our nonproliferation efforts, changes in law are meaningless without rigorous enforcement. We frequently hear statements that countries are tightening their export controls, but proof of that is in the marketplace, where sensitive goods and technologies continue to be sold without being subject to scrutiny, prosecution or penalty.

We continue efforts with like-minded states in the multilateral export control regimes -- the Nuclear Suppliers Group, Missile Technology Control Regime, Australia Group, the Wassenaar Arrangement -- to exchange information about attempts by rogue states to acquire controlled technologies, and to assess whether additional items should be added to control lists. These regimes have each undertaken efforts to address the possibility that individuals or terrorist groups may seek controlled commodities for small-scale but lethal WMD projects. While the export control regimes are an important tool in stemming the proliferation of sensitive technology and materials from advanced nations across the globe, trade between countries of proliferation concern is increasing and outside the control of these regimes. We also are urging suppliers in each of the regimes to exercise maximum vigilance toward efforts by proliferators to procure items that may not be controlled by the multilateral export control regimes, but nevertheless would assist countries in becoming self-sufficient in the production of 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) Extraordinary Plenary meeting, lists were distributed identifying items that, while not NSG-controlled, would nonetheless be useful in the North's reprocessing or enrichment programs. We are working with nuclear supplier regimes to tighten controls over nuclear exports to Iran, and to raise awareness of potential suppliers to Iran's aggressive clandestine procurement efforts. Such information exchange is important to our ability to thwart the acquisitive aims of rogue states and terrorists. We must ensure that companies are not exporting sensitive items to proliferators, to brokers acting on behalf of proliferators, or to agents arranging exports through third countries.

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