



United States Government Nonproliferation Priorities and Asia

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Introduction

Thank you, Mr. Henderson, for that kind introduction. I am honored to have the opportunity to speak to such a distinguished gathering. The Sydney Institute has a well-deserved reputation for addressing cutting edge topics and hosting important government leaders, astute political observers, and other foreign dignitaries.

I am here today to discuss United States policy on the proliferation of weapons of mass destruction, and implications for the Asia-Pacific region. I would like to begin with an overview on U.S. views on the Asia-Pacific region, with special emphasis on the strategic relationship with China. Then I will discuss the U.S. perspective on specific proliferation challenges affecting the region and the strategic approaches that we have developed to counter them. In all of those areas, close cooperation between the United States and Australia is vital in both senses of the term: essential, and full of life and vigor.

The Importance of the Asia-Pacific Region

Asia continues to ride a wave of favorable political, economic and social trends. In recent months there have been free and fair elections in the vibrant democracies of Taiwan, South Korea, and elsewhere, with orderly transitions of government and respect for the rule of law. Asia is a place of tremendous opportunity, where economies have increased both in productivity and technical sophistication. The region now accounts for over half of the global volume of trade, and economies across Asia continue to grow rapidly. The region continues to make steps toward greater cooperation and integration, with organizations such as APEC, ASEAN, and the ASEAN Regional Forum increasing the level of interconnectivity.

The United States strongly supports the democratic, economic and security progress that has been made in Asia. There are, of course, setbacks and matters that deeply concern us. The repressive regime in Burma, for example, comes to mind. Yet, taken as a whole, the overall trends must be seen as positive. A more prosperous, democratic, and cohesive Asia is in everyone's interest.

Ironically, these very successes have made the region an even more enticing target for states and non-state actors dedicated to illicit trade in WMD, their means of delivery, and related technologies. The region's geography alone, with its major trade routes stretching from North Korea to the Mediterranean, endows it with particular importance both to proliferators and to those who are determined to counter them. Now, as Asian economies grow, an increasing number of firms are able to manufacture or acquire essential dual use components, and to support extensive transportation resources. At the same time, proliferators are ever inventive in their efforts to evade detection. As a result, we continue to identify new proliferators reaching out to witting or unwitting Asian suppliers. Our challenge is to stay ahead of them, and to be even more active and creative in combating proliferation than they are in waging it.

Another challenge facing the region now and in the future will be to guard against proliferation dangers arising from activities designed to benefit the region's people. Two areas are of particular importance and concern in this regard: biological research and development; and civil nuclear energy. More advanced biological laboratories and expertise in the region could be a boon to public health in the face of naturally-occurring disease or biological attack. Yet we must ensure that those same facilities and scientists do not foster biological weapons proliferation, through inadequate safety or security, or deliberate misuse. Additionally, a number of countries in the region are considering civil nuclear power. The United States is a strong supporter of the responsible development of nuclear power to increase the supply of electricity, promote economic growth and development, and reduce reliance on fossil fuels, decreasing pollution and greenhouse gasses. However, such development must be undertaken with the highest standards of safety and security, safeguards to prevent theft or diversion of nuclear materials, and incentives to guard against the expansion of enrichment and reprocessing capabilities that could support nuclear weapons programs.

China

Before turning to specific proliferation threats, I would like discuss China and its influential role in the region. China's rapid emergence as an economic and political power is shaping the Asia-Pacific region and the world. Consequently, China's behavior at home and abroad is increasingly the focus of international attention. As China's influence expands, there will naturally be areas where our national interests overlap. It is our desire that, through a policy of constructive engagement, those areas of overlap become opportunities for cooperation with the Chinese, rather than points of conflict.

There are challenges nonetheless. The United States, Australia and others are increasingly concerned about China's military modernization programs and unanswered questions about its long-term strategic objectives and projected force levels. This lack of transparency is at variance with China's place in the international community. For example, China is the only P-5 state that is increasing the size of its nuclear arsenal, yet it provides far less information about its strategic forces than do France, Russia, the United Kingdom, or the United States.

The lack of openness was most apparent in January 2007, when China conducted a ground-based, direct-ascent, anti-satellite (ASAT) test by intercepting one of its weather satellites. The United States, as well as numerous other nations, expressed concerns about the test and the resulting large cloud of debris, which will pose an increased risk to both human spaceflight and satellites for decades. We requested an explanation of China's actions and intentions, but we have yet to receive satisfactory answers to a number of lingering questions. China's continued reluctance to adequately explain the motives behind its direct-ascent ASAT program and other counter-space activities call into question its professed commitment to the principle of the free and peaceful use of outer space. Its behavior has led many to suggest that China is pursuing a multi-faceted program to develop counter-space capabilities that could be used to deny others access to, or operations through, outer space.

As this incident illustrates, one of our challenges is to avoid miscalculation and misunderstanding in our strategic relations. It also illustrates the need for us to work with China to build a common understanding of the requirements of international security and stability. Dialogue on nuclear policy and strategy is one of the most important areas in which transparency and substantive exchange can help mitigate confusion and prevent miscalculation.

The United States therefore is seeking greater insight into the direction, scope and motivations of China's strategic programs and military modernization through diplomatic exchanges and increased dialogue with the Peoples Liberation Army including the Second Artillery, responsible for China's strategic nuclear forces. Through increasingly frequent official and unofficial dialogues, we address topics with Chinese nuclear strategists and military officials that were off-limits only a short time ago.

I lead a regular nonproliferation dialogue with Chinese officials. Last month the US-China Security Dialogue, led on our side at the Under Secretary of State level and bringing together both diplomatic and military representatives, met for the first time in four years. We also work closely with China, the host of the Six-Party Talks, to

achieve the verifiable denuclearization of the Korean Peninsula and P-5+1 efforts to persuade Iran to meet its international obligations by ending its nuclear weapons efforts. Further, we engage continuously with Beijing in order to end proliferation by Chinese entities; we have made progress in that regard, but it is far from sufficient. We are working with China to make it a central part of the solution to many of the security challenges of the region. The United States, Australia, Japan, other friends and allies – and China itself – have made much progress to that end, but the task is far from complete.

Specific challenges worldwide and regional

Let me turn now to three pressing threats to regional and global security—Iran, North Korea, and Syria.

Iran

Perhaps the most immediate threat to the international nonproliferation regime is posed by Iran. A nuclear-armed Iran would threaten states in its region and beyond.

To address this very real danger, the international community has presented Iran with a stark choice between two paths: one of confrontation and isolation; or one of cooperation that leads to greater reward and prosperity. Key elements of this strategy include:

- Multilateral pressure via escalating sanctions at the UNSC and implemented through national legal authorities;
- Unilateral sanctions imposed by individual governments, including designation of Iranian banks and other entities involved in Iran's proliferation-related activity and support for terrorism;
- Support for the ongoing IAEA investigation of Iran's nuclear activities;
- The P5+1 incentives package and the promise of wide-ranging economic and technical cooperation, including cooperation in nuclear energy, as part of a negotiated settlement of international concerns. Such negotiations can begin immediately following Iran's verified suspension of its enrichment-related and reprocessing activities; and,
- Outreach to the Iranian people through exchange programs, Farsi-language broadcasting, and support for civil society.

While our efforts have not yet persuaded Iran to suspend enrichment and reprocessing, they have, at a minimum, limited Iran's access to sensitive technologies and goods, as well as to the international financial system. In time, we hope that the combination of pressure and the inducements promised by the very real incentives being offered to Iran, will compel the regime to change course.

North Korea

The threat posed by North Korea's nuclear program has proven uniquely challenging as a threat to Asian and global security, and to the global nonproliferation regime. We continue to seek the verifiable denuclearization of North Korea in the Six-Party Talks, as agreed in the September 19, 2005 Joint Statement, and have met with some success in moving toward this goal. On February 13, 2007, the Six Parties agreed to an Initial Actions Agreement to implement the commitments made in the 2005 Joint Statement. Under this agreement, the DPRK shut down and sealed the Yongbyon nuclear facility, with a view to its eventual abandonment. Since July 2007, IAEA personnel have been on the ground in the DPRK monitoring and verifying the shut down status of Yongbyon. And, in October 2007, the Six Parties agreed to a joint statement on Second-Phase actions, where North Korea committed to disable all existing nuclear facilities, beginning with the three core facilities at Yongbyon. Additionally, North Korea agreed to provide a complete and correct declaration of all its nuclear programs and reaffirmed its commitment not to transfer nuclear materials, technology, or know-how.

Currently, U.S. personnel are at Yongbyon monitoring disablement activities. To date, eight of eleven agreed disablement actions at the three core facilities have been completed. In addition, the DPRK has taken additional action at Yongbyon by collapsing the cooling tower.

North Korea has now begun to fulfill its commitment to a complete and correct declaration by submitting a declaration to China, the Chair of the Six-Party Talks. In return, President Bush issued a proclamation lifting provisions of the Trading With the Enemy Act with respect to North Korea, and notified the United States Congress of his intent to rescind North Korea's designation as a state sponsor of terror within 45 days.

As part of its declaration package, North Korea has acknowledged our concerns about the DPRK's uranium enrichment and nuclear proliferation activities, specifically with regard to Syria. North Korea's declaration, including its claims about uranium enrichment and proliferation activities, must now be subjected to a comprehensive and rigorous verification process aimed at resolving any discrepancies and verifying the accuracy and completeness of the declaration. Additionally, an accounting of its weapons for eventual abandonment must occur in the next phase.

The United States has repeatedly noted that with denuclearization of the Korean Peninsula, many things are possible. The abandonment of North Korea's nuclear programs and weapons would open the way for eventual normalization of U.S.-North Korea relations, and a permanent peace regime on the Korean Peninsula. This process, however, cannot move forward without the full implementation of the Joint Statement, leading to the verifiable denuclearization and North Korea's return to the NPT and IAEA Safeguards as a non-nuclear weapons state. In addition, UN Security Council Resolution 1718 will remain in effect until such time as those obligations have been met ensuring North Korea's access to the international community will be restored only upon its nuclear weapons abandonment.

Syria

I cannot talk about the threats posed by North Korean proliferation without mentioning the North Korea-Syria relationship. The United States has long had concerns about North Korean proliferation activities, and in particular their clandestine nuclear cooperation with Syria. Based on strong evidence, the United States believes North Korea assisted with the construction of a reactor at Al-Kibar in Syria. The reactor, which was damaged beyond repair on September 6 of last year, appeared intended to produce plutonium for nuclear weapons.

We strongly support the IAEA's investigation into this cooperation. We certainly do not believe that this one inspection closes the book on Syria's clandestine nuclear cooperation. It will take time and we urge Syria to admit to the IAEA all of its nuclear activities.

In addition to supporting the IAEA's ongoing investigation of Syria's activities, we have sought to address North Korea's proliferation activity through the Six Party framework. We have made our concerns known to North Korea and it has acknowledged our concerns. The North has stated that there is no ongoing nuclear cooperation with any foreign country, and that there will be no such cooperation in the future. As we begin a verification process for North Korea's nuclear declaration, we will seek to verify that this cooperation has ceased. We will continue to be on the alert for signs of possible renewed cooperation.

Call to action

Australia has long been an indispensable partner in meeting these and other current and future proliferation challenges. More than most, it recognizes the requirement to take a leading role to counter proliferation in Asia, and also the reality that proliferation knows no boundaries, that threats in one region are threats to us all.

Traditional Regimes

As the threat posed by proliferators and terrorists has increased, so too has the ability of the international nonproliferation regimes that deal with them. More countries are members of nonproliferation and export control regimes than at any point in history, and Australia has an impressive track record on leadership and support in this area.

For example, in 1985 Australia proposed a meeting of countries with the aim of harmonizing national licensing measures and enhancing cooperation related to chemical weapons and has subsequently served as the only chair of what is now known as the Australia Group Chemical and Biological Regime.

Over the past several years, the multilateral nonproliferation regimes have found better and smarter ways to make it more difficult, costly and time consuming for proliferators to acquire the expertise and materials needed to advance their programs. Their efforts have caused delays, forced proliferators to use elaborate procurement networks, and compelled them to use older, less reliable technology than otherwise would be the case. This in turn has given us time to develop and enhance our collective abilities to develop additional tools to address proliferation challenges. Indeed, the regimes remain as relevant today as they ever have been and will require our continued efforts to strengthen and adapt them.

The United Nations Security Council Resolutions against Iran's and North Korea's nuclear and missile programs – and Resolution 1540, that called for criminalizing proliferation with a special focus on nonstate actors – in some ways represent both traditional and novel international responses to proliferation. Security Council actions against threats to peace and security have been available instruments for over 60 years. But the Council had never identified WMD proliferation in general as such a threat until it passed Resolution 1540, at President Bush's initiative, in 2004. Subsequently, the several resolutions on Iran's and North Korea's nuclear and missile programs have called for unprecedentedly strong global action to deny trade and financial support to those efforts. Australia and the United States acted quickly to implement those resolutions. We welcome Australia's further unilateral actions to impede financial and transportation support to North Korean proliferation, and look forward to Australia joining the United States and other countries in taking additional national action against Iranian financial institutions.

We welcome Australia's forthcoming chairmanship of the Missile Technology Control Regime (MTCR), and hosting of the MTCR Plenary in November. We look forward to working closely with your government to advance the Regime's goals and activities.

As members of the IAEA Board of Governors, the United States and Australia also work closely together to encourage firm positions against the nuclear programs of Iran, Syria and North Korea, and to strengthen the Agency's ability to uncover illicit nuclear activities.

We are now working actively to prepare for the Nuclear Nonproliferation Treaty Review Conference in 2010. We know, of course, that your Prime Minister recently announced the creation of an International Commission on Nuclear Nonproliferation and Disarmament in that context. The Prime Minister has indicated that the Commission will also consider the issue of disarmament. The United States hopes that the Commission, as well as the Review Conference, will focus above all on the very real threats to the nuclear nonproliferation regime presented by irresponsible states pursuing nuclear weapons programs and the proliferators who support them.

The United States is proud of our record in dramatically reducing our nuclear weapons, delivery systems and fissile material for weapons. Under current plans, we will have dismantled three of every four warheads that existed in 1991, and our weapons stockpile will be at its lowest level in 50 years, lower than when the NPT was signed forty years ago in 1968. We have also removed more than 20,000 weapons worth of plutonium and highly-enriched uranium from our military stockpile. We have fewer than half the nuclear delivery vehicles now that we had in 1991. Russia, France and the UK have also substantially reduced their nuclear forces. China is the exception among the five nuclear weapons states parties to the NPT. Therefore, it is not that we wish to avoid an NPT debate focused on the five nuclear weapons states because our arms reduction record is wanting. Instead, we wish – the international community needs – to avoid a debate that detracts attention from, and impedes consensus on, action to confront the very real challenges to nonproliferation.

New Forms of Action

Over the past few years, the United States, Australia and other partners have also developed new forms of action against proliferation threats. Not because we oppose or lack faith in traditional instruments like the IAEA, MTCR and the Australia Group, but because additional, flexible action is needed against continuously changing proliferation dangers.

- **Proliferation Security Initiative**

A landmark in that effort was the creation five years ago of the Proliferation Security Initiative (PSI). Australia was one of the 11 original participating states and has been one of the most active partners. In five years, the PSI has expanded to over 90 countries, and has conducted 35 exercises – including two hosted by Australia – to improve interdiction readiness around the world. We also appreciate the PSI outreach activities that Australia has conducted in Asia.

PSI partner states have quietly cooperated to stop shipments of equipment, material and technology for WMD or delivery systems from going to end users of proliferation concern. Interdiction actions are taken in support of the PSI consistent with national legal authorities and relevant international law and frameworks. They are usually not publicized. A major exception was the October 2003 interdiction of the BBC China, carrying A.Q. Khan-supplied centrifuge components destined for Libya. That cooperation, involving the United States, United Kingdom, Germany and Italy, was an important factor leading to Libya's abandonment of its weapons of mass destruction and longer-range missile programs and to the dismantling of the A.Q. Khan proliferation network.

Last month, the United States hosted a PSI Fifth Anniversary Senior-Level Meeting and Outreach Workshop in Washington. Representatives of over 100 countries participated, either as PSI partners or as observers. We are confident that the PSI effort will continue to grow and to strengthen states' abilities to coordinate their work to stop WMD proliferation-related trafficking.

- **Global Initiative to Combat Nuclear Terrorism**

Australia is also an important partner in the Global Initiative to Combat Nuclear Terrorism, launched by Presidents Bush and Putin in July 2006. Just two years later, the Initiative has grown to over 70 partner nations, with both the IAEA and EU as observers. Participating states are committed to countering nuclear terrorism by building partner-nation capacity across the elements of physical protection, detection, search and confiscation, denial of safe haven, law enforcement, response, and investigation.

Two weeks ago, Global Initiative partners held their fourth plenary meeting in Madrid. Over fifty countries participated. In Madrid, participating nations agreed on the importance of synchronizing multiple elements of our work to counter nuclear terrorism including protection, detection, law enforcement, material search and confiscation, response, and investigation capabilities. Further, they committed to integrating more closely the counterproliferation and counterterrorism communities; just as the threats have much in common and considerable overlap, so too must our responses to them.

- **G-8 Global Partnership**

At their Kananaskis Summit in 2002, G-8 Leaders established the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, pledging \$20 billion over 10 years – half from the United States – to reduce, and prevent the proliferation of former Soviet WMD, related materials and delivery systems. While that work is not yet finished, the Global Partnership must now expand to address global WMD threats. By doing so, the Global Partnership will provide concrete resources toward our shared objective to fight terrorism and proliferation around the world, including our commitments under the Global Initiative to Combat Nuclear Terrorism and Security Council Resolution 1540. We hope that the G-8 Leaders will explicitly expand the Partnership at the upcoming Summit.

Australia is an active partner in the Global Partnership. We hope that you will significantly increase your efforts, especially in the Asia-Pacific region, as the Global Partnership shifts to a worldwide focus.

- **Export Control Outreach Cooperation**

We greatly appreciate our strong partnership with Australia in export control outreach efforts in the Asia Pacific and beyond. With Japan, Australia has played a leadership role in promoting nonproliferation awareness and helping neighbors in the region develop effective export control systems. Australia has been a vital presence in multilateral export control efforts and forums around the world, including U.S.-led export control and transshipment conferences. We will continue to count on Australian leadership in export control outreach efforts.

Conclusion

The United States Government understands the difficulties involved in all the proliferation challenges and responses I have just outlined, and are prepared to provide support and technical assistance. We have been working with many countries in the Asia-Pacific region to share information on current threats, provide assistance to countries to help them meet their UNSCR 1540 obligations, and to promote responsible development of nuclear energy and biological research and development.

Through strong domestic action and the support of international partners, countries in the Asia-Pacific have started on the long but important path to a region free from WMD threats. We all aspire to:

- An Asia-Pacific without the very real threats posed by the nuclear programs of Iran and North Korea.
- An Asia-Pacific where information on individuals, companies, and organizations involved in proliferating WMD is collected and shared quickly, and the abuse of our commercial and financial systems is prevented.
- An Asia-Pacific where every country is strong and resistant to the illicit trafficking of WMD materials and technologies, and has the legal and regulatory structures in place to identify and prosecute proliferators.

The United States is dedicated to making that vision an eventual reality and we know that Australia is as well.

Secretary of Defense Robert Gates, speaking at the Shangri-La Dialogue in Singapore in late May, outlined the United States' enduring engagement with countries in Asia and stressed that "any future U.S. administration's Asia security policy is going to be grounded in the fact that the United States remains a nation with strong and enduring interests in this region—interests that will endure no matter which political party occupies the White House next."

The United States is indeed a Pacific nation, and preventing the misuse of the region's industrial capabilities and abuse of its trade, communication, and financial networks is clearly of great importance to American, as well as regional, security. The proliferation and potential use of weapons of mass destruction is a global threat that endangers all regions and countries. And, perhaps more than any other policy challenge, the recognition of this threat transcends U.S. political party lines.

I wish to be very clear here: The United States will continue to confront proliferators that threaten the international community. And we will continue to work with Australia and other partners in Asia to build up regional – and global – capabilities to respond to immediate challenges, and detect, defend against, and deter future threats.

Thank you for your time, and I would like to answer any questions you may have.

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