



CENTER FOR INTERNATIONAL TRADE & SECURITY
THE UNIVERSITY OF GEORGIA

Building A Regional Framework for Security Trade Control in Asia: The Role of the United States

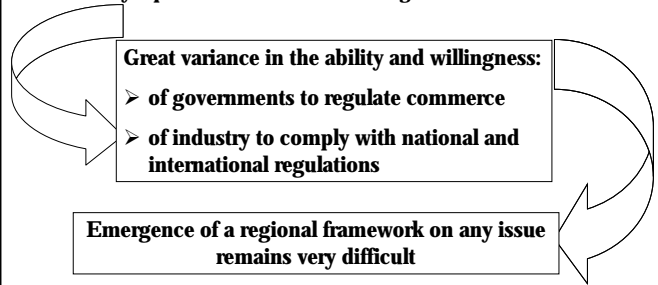
Dr. Seema Gahlaut
Director, Training & Outreach, CITS

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Characteristics of Asia Today

- ❑ Political systems with different degrees of democracy and public accountability
- ❑ Economic systems with different degrees of liberal economic capitalism
- ❑ And these do not co-vary !
- ❑ Security equations within the sub-regions remain unsettled



Major Export Control Challenges in Asia

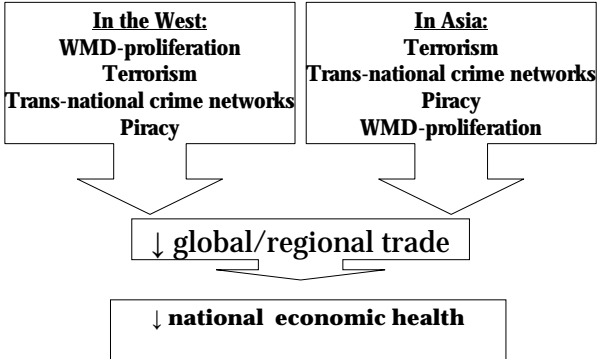
- ❑ **More manufacturing and trade**
 - more actors to be covered by regulation
 - growing technological capacity that requires monitoring
 - more SEZs where 'controls' are not a priority
- ❑ **More economic integration across national boundaries**
 - Dense networks of partnerships and JVs
 - FTAs that allow freer movement of goods, technologies, expertise
- ❑ **Focus of enforcement not on outbound proliferation**
 - On revenue from imports
 - On internal security from import of dangerous items



Limits on Collective Action

- ❑ **No one disputes the threats**
 - From terrorists
 - From proliferators
- BUT**
- ❑ **There is little agreement on targets and tools**
 - Which commodities and activities to regulate?
 - Which destinations to watch out for?
 - Which regulations are enforceable given the national economic and political profile?
 - How to balance restrictions vis-à-vis the export imperative?
 - How to allocate resources for doing this?
 - Reluctance to accept US/outside help – technical or equipment or financial

Common Threats – Different Hierarchies



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U.S. Position in Asian Commerce (2006)

Country	GDP (trillion)	Exports (billion)	Imports (billion)	Top Trading partners	Bilateral goods trade with U.S. (billion)
Japan	\$4.89 tr	\$590 b	\$524.1 b	US, China, S Korea, Taiwan	\$207.7 b
China	\$2.51 tr	\$974 b	\$777.9 b	US, HKSAR, Japan, S. Korea	\$343.0
India	\$0.80 tr	\$128 b	\$187.9 b	EU-25, US, China, UAE	\$31.8 b
South Korea	\$0.89 tr	\$326 b	\$309.3 b	China, US, Japan, Saudi Ar	\$78.3
ASEAN	\$1.07 tr	\$765 b	\$677 b	US, Japan, EU-25, China	\$153 b
U.S.A	\$13.2 tr	\$1,037.3 b	\$1,855.4 b	Canada, China, Mexico, Japan	

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Role of U.S. in Asian political economy

- ❑ Aid
 - 2006 East Asia Pacific (excl. DPRK) = \$514 million
 - 2006 South Asia (excl. Afghanistan) = \$910 million
- ❑ FDI
- ❑ S&T Collaboration
 - TMD with Japan and Taiwan
 - Civil nuclear and space cooperation with India
- ❑ Security Cooperation
 - Nuclear umbrella over Japan, Taiwan, South Korea
 - Defense cooperation with India
 - Defense cooperation with Singapore and Australia

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U.S. : a prime mover in Asian Epistemic Community

- ❑ Counter-terrorism cooperation
 - Technology
 - Concepts & expertise
- ❑ Nonproliferation cooperation
 - Security assurances and defense cooperation
 - Nonproliferation dialogue in various Track I and II fora
- ❑ International agreement like UNSCR 1540 that require
 - Criminalization of a range of activities
 - Introduction of catch-all and ITT
 - Control lists & licensing mechanisms
 - New kind of gov-industry relationship

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Leveraging U.S. position to improve Strategic Trade Cooperation in Asia



- ❑ **US XC regulations affect Asian trading partners**
 - ITAR (FMS, DCS)
 - Extra-territorial regulations (Entities lists, sanctions, de minimus)
- ❑ **New international initiatives have generated debate AND action**
 - PSI, CSI, VEU's
- ❑ **New domestic initiatives likely to be adopted and improved by others**
 - CTPAT, ACE
- ❑ **XC training and outreach in Asia supported to help harmonize understanding of basic concepts**
 - Govt – to – Govt
 - NGOs like CITS

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First Steps for Asian Framework: Re-purposing the Existing Institutions of Dialogue & Cooperation



- ❑ **Security rationale added to existing economic & political organizations**
 - ASEAN-Regional Forum & APEC initiative on export controls
 - APEC initiative on secure trade (STAR)
- ❑ **Expanding the role, capacity, and functions of existing channels/principles of regional coordination**
 - Customs; Coastguards; Banking
- ❑ **New linkages among traditional actors**
 - Sharing info for risk analysis & data mining
 - Proactive consultations
- ❑ **New initiatives by old organizations**
 - WCO → Harmonizing trade classification for better tracking/monitoring (of dual use exports)
 - IMO → Tracking incidents of piracy

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Second Steps for Asian Framework: Accepting the Need for Transparency & Harmonization



- ❑ **Trans-national transactions cannot be regulated unilaterally**
 - Problems of enforcement
 - Problems for industry compliance
- ❑ **Balance needed between sharing various kinds of information**
 - necessary v. national intelligence v. proprietary
- ❑ **Old methods of regulation by denial not feasible**
 - Technological monopoly and oligopolies have dissolved in most sectors
 - Focus has to be on monitoring end use and end user rather than blanket denials for a whole country

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Agenda to Develop An Asian Framework



Current need is

- ❑ **For broad agreement on the need**
 - To have national emphasis on strategic trade management
 - To allocate some resources to this problem
- ❑ **For sharing base-line info on national systems**
 - 1540 reports and legislative database are a good start
- ❑ **For developing common definitions of concepts**
 - Dialogue in non-govt forum
 - Exchange of best practices among practitioners not policymakers
- ❑ **For instituting similar procedures and documents**
 - To facilitate trade AND security compliance
 - Adoption of common voluntary compliance practices by regional industry

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