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***Role of the Wassenaar Arrangement in a Rapidly Changing Technological Environment***

Ambassador Philip Griffiths, Head of Secretariat,  
Wassenaar Arrangement on Export Controls for Conventional Arms  
and Dual-Use Goods and Technologies

Introductory Remarks

I would like to thank Minister of Defence Acquisition and the Defence Acquisition Programme Administration (DAPA) for inviting me to speak at this fifth International Defence Technology Security Conference. I congratulate the Republic of Korea and the organisers on this important milestone, and on their contributions to promoting international cooperation and building confidence for strengthened defence technology security.

I would also like to acknowledge the Chairman of the National Assembly Defence Committee, and the representative of the Minister of National Defence, as well as the Assistant Secretary, US Department of Commerce, and other speakers. It is an honour to be once again among such distinguished company.

The Republic of Korea is a founding member of the Wassenaar Arrangement (WA) and contributes actively to its work at all levels.

Background

Established in 1996, as a successor to Cold War arrangements, the WA is an intergovernmental information-sharing and standard-setting forum on export controls for conventional weapons and sensitive dual-use goods and technologies. Its Participating States seek to promote transparency and responsibility in transfers of these items and to develop common understandings, on the basis that multilateral cooperation is the most effective approach to export control. The WA works collectively to address threats to regional and international security and stability posed by destabilising accumulations of these items, and to prevent their acquisition by terrorists.

The challenges to this joint effort have not diminished in the last nearly twenty-two years. On the contrary, proliferation risks are becoming more sophisticated and complex. Regional conflicts and tensions; the role of non-state actors, including terrorists; rapid technological advances; the increasing globalisation of business; extensive movement of people; and ever-widening use of electronic communications, stretch our defences and complicate the task for governments of keeping export controls in step with mounting risks.

International cooperation is more important than ever in seeking to ensure cohesive policy frameworks, coordinated approaches and a consistent application of controls, not only among major producers and exporters of sensitive items, but globally.

Operating by consensus, the WA needs constantly to find a balance between different national perspectives of security and proliferation risk and legitimate trade and commercial interest.

The WA's guiding principles make clear that it will not be directed against any country or group of countries and that it will not impede *bona fide* transactions.

### WA's Role

The WA serves as a forum in which committed governments work together, at both the policy and technical levels, to evaluate proliferation challenges and to reach agreement on effective export control measures to be applied at the national level.

With India's joining last December, the WA currently includes 42 Participating States, among them 17 of the world's 20 largest producers and exporters of conventional arms, while a number of other countries voluntarily apply the WA Control Lists and best practices. The WA is open to new members who are assessed to meet the agreed criteria. It also operates a structured outreach programme to encourage non-member countries to adopt its standards.

The WA is a useful platform in three main ways – through facilitating collective agreement on the lists of goods and technologies that should be subject to national export control; through the exchange of information and views on transfer risks and trends in different parts of the world, as well as reporting of national transfer decisions; and through the development of "best practices" standards and guidelines on various aspects of export control implementation.

The balance between collective agreement on key principles and the preservation of national discretion in all matters related to practical implementation is an essential feature of the WA's work.

### WA Control Lists

At the core of this work are the two complementary Control Lists - the WA *Munitions List* with close to 300 entries in 22 categories, covering all types of conventional arms, as well as ammunition, production equipment and technology, and all specially designed components and accessories; and the more extensive *Dual-Use List* with over 1,000 entries in 9 categories, covering items ranging from special materials and related equipment to electronics, computers, telecommunications, information security, sensors and lasers, navigation and avionics, marine, aerospace and propulsion. Within the *Dual-Use List*, 170 items are defined as "sensitive" and 80 items as "very sensitive", requiring a more vigilant approach. For most countries, the WA *Dual Use List* accounts for the majority of export licence applications received. A "catch-all" principle, agreed in 2003, provides for the control in certain circumstances of dual-use items even if they are not on the Lists.

To remain relevant export control lists need to be constantly updated to keep pace with advances in technology, changes in the international security situation and market trends. This is an ongoing collective priority for the WA. Participating State technical experts meet in Vienna for up to six weeks a year, and also work intersessionally, to consider and agree on annual changes to the WA Control Lists. From time to time they may involve industry specialists in the highly collaborative work of updating the lists. I think it is fair to say that the WA is increasingly seen by its Participating States as the international forum in which to address export control risks related to emerging technologies of concern.

It is significant that, whereas technology with military applications used to be developed by the defence industry, increasingly innovation is now being driven by the civilian sector. It is more challenging for governments to identify and control exports of dual-use technologies that have broad civil as well as military uses.

Any WA Participating State may propose to its partners that a particular technology be subject to export control and work towards achieving consensus on its inclusion in the WA Control Lists. Challenges may arise when there are differing perceptions of security or proliferation risk and/or of the balance between security and commercial interests among Participating States. The WA provides a diplomatic forum in which partners can be sensitised to particular concerns and in which differences of perception can be explored and if possible resolved.

A lot of effort goes into specifying item functionalities and directly related technology precisely, so as to capture only those of security concern, while not impeding commercial applications and legitimate trade and technology flows. This work also helps to ensure a level playing field for international trade in these items, which is of key importance to exporters. The combination of key national security and commercial interests explains why the WA is considered such an important forum by its Participating States.

After a busy year in 2017, the intensive WA List review process is continuing in 2018 based on some 81 national proposals and 7 non-papers. The typical annual resolution rate is around 80%, although in the case of complex emerging technologies, proposals may take more than one year to reach agreement, while previously agreed understandings may later need to be refined in the light of further technological advances or implementation experience. This is an increasing trend.

There are many examples of advanced technologies on which the WA is focussing. In recent years, as is widely known, new WA export controls were agreed in relation to mobile communications interception, intrusion software and Internet surveillance tools. Work has continued to build on these new controls without hindering the further development of industry expertise and international cooperation in cyber defence and vulnerability response. Further progress was made in 2017 in respect of clarifying controls on technology related to intrusion software.

Work also continued last year on high performance computers, electronic forensic tools, cryptography and the jamming and interception of unmanned aerial vehicles (UAVs), as well as in relation to spacecraft equipment. Here the challenge relates to the scope of controls and to equipment and technologies of concern that are also increasingly available on the global market.

Looking ahead, the WA Lists review process can be expected to continue to address new technologies of security concern, including additive manufacturing or 3-D printing (where the WA is also pursuing technical dialogues with the Nuclear Suppliers Group (NSG) and the Missile Technology Control Regime (MTCR) respectively), terrestrial equipment and components for satellites, as well as artificial intelligence and the integration of advanced sensors and navigation equipment to increase autonomy of weapons systems and robotisation of the battlefield.

#### Transparency Measures - Information Exchange

The WA also helps to strengthen defence technology security through information-sharing and standard-setting. At least three formal meetings a year in Vienna are used to exchange general information on proliferation risks around the world, including in relation to terrorism. Any PS may use these opportunities to raise any matter that it considers relevant to achieving the WA's purposes. A recent practice has been to hold informal discussions of specific emerging technologies of concern on the eve of the annual WA Plenary meeting, bringing together both policy and technical experts. In addition, Participating State licensing and enforcement practitioners regularly share national experiences, including case studies and lessons learned, under the WA's auspices.

Specific information exchange involves regular national reporting of transfers of conventional arms and certain dual-use goods and technologies, as well as of all denials of dual-use exports, to destinations outside the WA. Reporting of transfer denials is an important and timely warning mechanism for partners that also helps to avoid inadvertent undercuts.

Data and other information are shared via the WA's dedicated secure electronic network, the Wassenaar Arrangement Information System (WAIS), to which all Participating States have 24-hour access.

#### Standard-Setting

In terms of its standard-setting work, WA Participating States have agreed to collaborate in producing export control implementation guidance drawing on their practical experience. Over the years the WA has built up a comprehensive library of some 25 non-binding best practices, elements and procedures for effective export control implementation.

Particularly relevant to the topic of this conference are the guidance documents on end-user/end use assurances, re-export controls, catch-all, transit and transshipment, intangible transfer of technology (ITT) controls, brokering and Internal Compliance Programmes (ICPs) for industry and the research sector. The WA is a forum for its Participating States to pool their expertise and learn from one another. For example, the Republic of Korea has been

active in sharing experience with its outreach to the export sector, including in relation to its tiered system for ICPs and self-classification tools through the "Yes Trade" system.

A recently agreed procedure in the WA provides for the regular review and, where appropriate, updating of all existing guidance documents.

Topics addressed in some of these, such as transfers of small arms and light weapons (SALW), ITT, end-user and end-use assurances and ICPs, continue to receive close attention, given the increasing complexities and challenges of implementing effective export controls in these areas.

### Conclusion

In closing, the trust and collaboration built up through the WA's work can be seen to have been an important stabilising factor in the international trade and security environment over the last nearly twenty-two years. Without the WA, and the other multilateral export control regimes concerned with WMD and their means of delivery, proliferation security efforts, including by major technology-holders, would be more difficult and less effective.

Working together with one's partners sharing a similar commitment to vigilance and restraint builds confidence, supports security and facilitates international trade. Raising awareness in the private sector of increasingly sophisticated proliferation and diversion risks, including through ITT, and promoting cooperation and self-regulation are an integral part of implementing robust export controls. Active outreach to other countries and relevant international and regional organisations is also key to achieving the overall objective.

The WA recognises that, to remain relevant, it needs to continue to be able to respond rapidly and coherently to the evolving international threat landscape, without impeding legitimate trade.

The WA public website contains all the key WA documents, including the Control Lists and the best practice guidelines.

I believe that the WA, notwithstanding the challenges, will continue to play a leadership role in the international community's search for strengthened defence technology security through effective export controls. Its work is increasingly widely recognised by other countries as a reference or standard-setter in this area.

The Republic of Korea, including through this conference, is making an important contribution to promoting this collective endeavour in support of international and regional security and stability.

Thank you for your attention.