“Updates from the Wassenaar Arrangement”

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- Multilateral cooperation in promoting transparency and responsibility in defence-related trade
- Working to prevent undesirable exports without impeding bona fide civil transactions
- Updating and developing user-friendly Munitions and Dual-Use Control Lists
- Keeping pace with international security developments, advances in technology and market trends.

Introduction
Thank you to the organisers for inviting me back to this key conference, once again taking place not too far from the origins of the Wassenaar Arrangement (WA) here in The Netherlands.

The original Declaration which gave the new forum its name, after the end of the Cold War, was issued in Wassenaar near The Hague in December 1995. The WA came into operation in 1996 in Vienna, where its regular meetings are held and where the small permanent Secretariat is based.

The WA was the first global inter-governmental forum on export controls for conventional arms and sensitive dual-use goods and technologies. Its purpose is to contribute to regional and international security and stability by promoting transparency and responsibility in transfers of these items, thus preventing destabilising accumulations, as well as their acquisition by terrorists. The WA has been serving as a benchmark for those involved in defence-related trade for nearly twenty-three years now. Its work is increasingly being seen by countries outside the WA as a sound basis for strengthening national export control systems, including in the context of the Arms Trade Treaty (ATT).

Although exporters may sometimes view the WA's work as a complicating factor, I think it is fair to say that defence-related trade would be more challenging and unpredictable without the shared understandings and level playing-field effect that result from multilateral cooperation among major producers and exporters of relevant items.
The WA Participating States recognise that the Arrangement's effective operation and development depend on, among other factors, engagement with industry and the research sector. A close public/private sector partnership is essential to meet the objectives of effective export controls - ensuring that transfers of sensitive goods and technologies do not end up in the wrong hands, with negative consequences for national and international security. The importance of working closely with industry and the research community is reflected in a number of WA guidance documents and in the practices of its Participating States. For industry, it is not only a matter of compliance with relevant laws and regulations. There is also a strong element of self-interest in proactive management of key stake-holder relationships and business reputation.

The contribution of effective export controls to facilitating trade, building confidence and enhancing investment is receiving greater recognition at both the national and corporate levels. These days, few countries or companies can afford to be seen as a weak link in global strategic trade and investment chains.

Since I spoke at last year's conference, the WA has continued its focus on maintaining the Munitions List and List of Dual-Use Goods and Technologies, exchanging information on issues relevant to national export control policy and practice, and further developing implementation standards.

With India's joining at the end of 2017, the WA now has 42 Participating States, a significant number of applicant countries and some 46 countries on its list of regular outreach partners.

The risks being addressed by export controls continue to grow and become more complex. Apart from conventional military threats, which have not gone away, new challenges arise from the pace of technological advance and increasingly sophisticated methods of proliferation and diversion, including through intangible transfers of technology. Decisions regarding which technologies to control and the thresholds to establish for inclusion in the Control Lists are becoming more challenging with the shift of innovation to the civilian sector.

Beyond the traditional domains in which states have faced security risks, WA Participating States are increasingly reviewing export controls relevant to activities in outer space as well as cyber space; at the same time adjusting and
eliminating controls made redundant due to changes in technology or the global market-place.

Decision-making within the WA must always strike a balance among its Participating States' perspectives on security and proliferation risk and trade and commercial interest.

Although outcomes sometimes take longer to achieve, working by consensus means that all parties have a stake in what is multilaterally agreed. The resulting standards are a floor not a ceiling. There is nothing to stop any WA Participating State from implementing additional export control measures at the national level going beyond what is agreed in the WA. Individual Participating States can thus act more quickly when necessary to address particular national circumstances or needs. "Catch-all" also enables export control of non-listed items in certain circumstances.

Implementation of all measures agreed in the WA remains a national responsibility. The balance between collective agreement on key principles, and the preservation of national discretion in matters related to implementation, is an essential feature of the WA's work.

Given its origins as a group of countries sharing a common purpose, there are no verification or enforcement mechanisms in the WA. Reliance is placed on frank exchanges in a diplomatic setting and on an element of "peer review" - any Participating State may, if it wishes, follow up by seeking further discussion, in the WA forum or bilaterally, as to the rationale behind a particular national transfer decision.

WA Control Lists
At the heart of the WA lie the Control Lists. To remain relevant and reliable, they need to be continuously updated. This is core WA work.

The WA Lists Review process continues on an annual basis, involving highly technical collaboration among Participating State experts, with assistance from their industry specialists, in order to set Control List specifications precisely, while allowing other items to be traded freely. Carefully calibrated control parameters help to ensure that WA commitments do not impede bona fide civil
transactions. Attention is also paid to making the Control Lists more readable and user-friendly for exporters as well as licensing authorities.

Access to knowledge about latest technological developments and their security implications, including from partners who are in the forefront of innovation, is among the benefits derived from participation in the WA.

As you know, important Control List topics that have been addressed in recent years include electronic forensics or investigative equipment, cyber threats and cyber warfare, lawful interception equipment, UAV jamming systems, additive manufacturing or 3-D printing, and spacecraft. The intertwined development of both civilian and military applications of these technologies poses a significant challenge in crafting balanced controls.

The main List changes agreed last year included new controls related to quantum-resistant cryptography algorithms, air-launch platforms for spacecraft, electromagnetic pulse (EMP)-resistant software, and new explosives. Existing controls were further clarified regarding cryptographic activation, underwater sensors, non-magnetic diesel engines, water tunnels, naval nuclear equipment, and production items for integrated circuits.

Some controls were relaxed, such as for civil applications of the Internet-of-Things, high-performance continuous-wave lasers, and infra-red cameras, where performance thresholds were updated to reflect the fast evolution of the civil market.

In 2019, the intensive WA Lists Review process is continuing based on a high number of national proposals and non-papers. Indeed, the WA Experts Group is currently meeting in Vienna for the final List Review round this year. While the typical annual resolution rate has been between 75% and 80%, in respect of complex emerging technologies, proposals may take more than one year to reach consensus. In some cases previously agreed understandings may need to be subsequently refined in the light of further technological advances, changes in market availability, or implementation experience.

Looking ahead, the WA can be expected to continue to focus on novel or rapidly evolving technologies such as quantum computing, additive manufacturing, sub-orbital vehicles, advanced sensors, robots and artificial intelligence. As the
scope of these examples shows, its Participating States increasingly see the WA as the appropriate forum in which to address trade and security challenges arising from new and emerging technologies.

An initiative in recent years has been to bring together both policy and technical experts from Participating States, including from industry in some cases, for informal discussions on specific emerging technologies on the eve of the annual WA Plenary meeting.

**Transparency Measures - Information Exchange**

In addition to work on the Control Lists, the WA continues to use at least three formal meetings a year in Vienna to exchange general information on proliferation risks and trends in different parts of the world, suspicious acquisition/brokering activities, projects and programmes of concern, as well as terrorism-related issues. The aim is to add to the pool of knowledge on which WA Participating States can draw in their national export licence decision-making.

Individual Participating States may take these opportunities to sensitise partners to any matters that they consider relevant to achieving the WA's purposes.

Specific information continues to be shared in the form of regular national reporting of transfers of conventional arms and certain dual-use goods and technologies, as well as all denials of dual-use exports to destinations outside the WA.

The WA arms transfer notifications are submitted more frequently (i.e. twice per year) and include more information than is required under the UN reporting system and the Arms Trade Treaty (ATT).

Reporting of transfer denials is an important and timely warning mechanism to partners that supports consistency by helping to avoid inadvertent undercuts.

Information-exchange is facilitated by the WA’s dedicated secure electronic network (WAIS), to which all Participating States have 24/7 access. The system has been significantly upgraded in recent years and continues to evolve to meet their security and access requirements.
Standard-Setting
In terms of its standard-setting work, the WA continues to build on its comprehensive library of some 25 non-binding best practices, elements and procedures intended to guide effective national export control implementation.

Topics addressed in some of these, such as transfers of small arms and light weapons (SALW), the application of "catch-all" controls, Intangible Transfer of Technology controls (ITT), Internal Compliance Programmes (ICPs) for dual-use goods and technologies, re-export controls, brokering controls, and end-user/end use assurances, continue to receive close attention, given the increasing complexities and challenges of implementing effective export controls in these areas.

Since 2016, an annual procedure is being followed for the regular review and, where appropriate, updating of all existing WA guidance documents, such as the *List of Advisory Questions for Industry*, originally agreed in 2003, which was revised and re-issued last year. These "questions" revolve around the theme of "know your customer" and provide detailed guidance for exporters as to when suspicion should be raised and when they should contact their licensing authorities. I would recommend reading the update.

All key WA documents, including the Control Lists and the best practice guidelines, are publicly available on the WA website for any country or company to consult.

At the practitioner level, Participating State licensing and enforcement experts continue to meet once a year in Vienna, and network intersessionally, to share national export control implementation experiences, including case studies and lessons learned. The latest session in June, for example, involved some 22 national presentations on a variety of topics. Participating States have, on occasion, organised events on the margins of such meetings to facilitate a dialogue with industry.

Outreach
The WA’s structured outreach programme has continued over the last two years.

An annual collective Post-Plenary Briefing and an Enhanced Technical Briefing were held in 2018 at which WA experts discussed the latest Control List changes and other issues and answered questions. While the Enhanced
Technical Briefing has been held annually coinciding with other WA meetings in Vienna to facilitate exchanges by capitals-based experts, it is intended now to hold it every two years with a consolidated content. The next one is therefore likely to be in mid-2020.

In terms of bilateral outreach, WA technical missions have visited India, Israel and Singapore by invitation in recent years. These visits have included engagement with the respective export sector.

The WA also continues to pursue informal technical dialogues with the Nuclear Suppliers Group (NSG) and the Missile Technology Control Regime (MTCR) on specific Control List issues to avoid duplication.

The important task of keeping industry/academia informed about export control developments is primarily a national responsibility of each WA Participating State. The WA provides a forum for its Participating States to share practices and experiences useful in these efforts. The Secretariat also has a role in ongoing interaction with industry through participation in international events such as this one.

With the help of several Participating States, the Secretariat has also recently updated the WA website to provide basic information in French, Russian and Spanish.

Conclusion

In closing, the importance of effective national export controls underpinned by multilateral cooperation continues to be reinforced by current international security challenges.

These include destabilising accumulations of conventional arms, regional conflicts and the proliferation and diversion of increasingly sophisticated strategic goods and technologies to non-state actors, including terrorists.

The WA is working in a challenging but critical area of the international trade and security agenda. It strives to meet these challenges, inter alia, by:

- Preserving the multilateral consensus that is essential to its effective operation;
- Conducting its core technical work as efficiently as possible;
• Facilitating general and specific information-sharing among its Participating States in a timely manner;

• Identifying and responding as quickly as possible to new technological developments or applications with security implications – in order to minimise any vulnerabilities arising both before new controls can be agreed multilaterally, and before they are implemented in national practice;

• Maintaining an appropriate balance between the national security concerns and commercial interests of its Participating States;

• Setting standards for effective export control procedure and practice; and

• Promoting the widest possible application of equivalent standards through active outreach to non-WA countries and partners.

The trust and collaboration that have been built up through the WA's work, and the example it has been able to set, can be seen to have been a stabilising factor in the international trade and security environment over the last nearly twenty-three years.

Working together with partners sharing a similar commitment to vigilance and restraint in transfers of these items 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 integral to implementing robust export controls.

There is no room for complacency or relaxation of effort. WA Participating States recognise that to remain relevant the Arrangement needs to continue to be able to respond rapidly and coherently to the changing international landscape, including emerging technologies of concern, without impeding legitimate trade.

I believe that, despite the many challenges, the WA will continue to play a leading role in developing and promoting effective export controls, serving as a useful reference or standard-setter in this sector.

I would be happy to provide further information or answer any questions. Thank you for your attention.