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Security Council

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Security Council Committee established pursuant to resolution 1540 (2004)

Letter dated 21 December 2007 from the Permanent Representative of the United States of America to the United Nations addressed to the Chairman of the Committee

I have the honour to respond to your letter, dated 17 October 2007, on behalf of the Security Council Committee established pursuant to resolution 1540 (2004), and to enclose an update to the 2004 United States report to the Committee (see annex). The enclosed report is a comprehensive update of United States laws, policies, projects, and initiatives to prevent illicit trafficking in weapons of mass destruction, their delivery systems, and related materials, and in particular to prevent terrorist acquisition of such items. It is intended to supplement and not replace the 2004 report and incorporates input from numerous United States Government agencies. The report presents a picture of steps taken since the initial report of United States efforts related to the implementation of resolution 1540 (2004), as well as steps the United States intends to take.

Separately, the United States will contact the members of the Committee's panel of experts to discuss United States revisions to the matrix. Once the United States matrix has been revised and completed, the United States would like to request that the Committee post it on the Committee's website as a public document.

The United States looks forward to continued cooperation with the Committee.

(*Signed*) Zalmay **Khalilzad**

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Annex to the letter dated 21 December 2007 from the Permanent Representative of the United States of America to the United Nations addressed to the Chairman of the Committee

United States update to the 2004 United States report to the Committee

1. Decides that all States shall refrain from providing any form of support to non-State actors that attempt to develop, acquire, manufacture, possess, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery;

Towards these ends, the United States completed its National Action Plan on 31 May 2006, consistent with the Committee's April 2006 report (S/2006/257 and Corr.1), and has subsequently relied on the Plan as a working document and invaluable way to coordinate the inter-agency process for implementation of resolution 1540 (2004). Although the United States completed its Plan in 2006, the objectives of its Plan are consistent with the presidential statement issued in connection with the Council's February 2007 debate on resolutions 1540 (2004) and 1673 (2006) (S/PRST/2007/4).

An important element of the United States implementation of resolution 1540 (2004), as envisioned in resolution 1673 (2006) and the 1540 Committee April 2006 report to the Security Council (S/2006/257 and Corr.1), has been outreach to other Member States, on a bilateral basis, and in the context of existing regional or subregional organizations. Through this outreach, the United States has sought not only to encourage Member States to submit reports to the 1540 Committee, but to highlight the role that regional organizations can play in promoting the discussion of their Members' experiences in implementing resolution 1540 (2004), disseminating best practices, and helping participating States to present more and better reports in support of the resolution.

The United States has initiated and participated in the following activities in regional and subregional organizations since 2004 and plans to continue these efforts:

Organization for Security and Cooperation in Europe (OSCE)

On 8 November 2006, the Forum for Security Cooperation (FSC) held a workshop on implementation of the resolution in the OSCE region. This was the first meeting by a regional organization devoted to exploring ways that participating States could work together to build capacities in meeting the goals of the resolution.

On 30 November, the FSC adopted Decision 10/06 "Supporting National Implementation of United Nations Security Council Resolution 1540", by which participating States decided to provide, as and if appropriate, additional information to the 1540 Committee on national implementation as part of the ongoing process of resolution 1540 (2004) implementation, including, inter alia, in the form of a road map or action plan, as recommended in the 1540 Committee's April 2006 report to the Security Council (S/2006/257, para. 136 (c)), taking into account the analysis provided by the 1540 Committee.

Following on these developments, the United States has led efforts in the FSC towards producing a Best Practices Guide for OSCE participants regarding the implementation of the resolution. The OSCE Ministers welcomed further work on the Best Practice Guides in their Decision taken at the 2007 Madrid Ministerial (MC.DEC.3/07). The Ministers also issued a statement supporting the United Nations Global Counter-Terrorism Strategy, which takes into account further efforts to implement resolution 1540 (2004) (MC.DOC/3/07).

ASEAN Regional Forum

On 14 and 15 February 2007, the United States, Canada and Singapore hosted a workshop on implementation of the resolution in the ASEAN Regional Forum (ARF). The workshop included participants from nearly all ARF members, as well as from the 1540 Committee, the Department for Disarmament Affairs of the United Nations Secretariat, INTERPOL, and the Council for Security Cooperation in Asia and the Pacific. The workshop included discussions on the utility of national implementation plans, and offered information on how such plans might be drafted.

Building on the success of the workshop, at the 14th ARF Ministerial Meeting in Manila, Philippines, ARF Foreign Ministers adopted a statement in support of the resolution, by which ARF participants were encouraged to provide, as and when appropriate, additional information to the 1540 Committee on national implementation as part of the ongoing process of implementation of resolution 1540 (2004), including, inter alia, in the form of a road map or action plan, as recommended in the 1540 Committee April 2006 report to the Security Council (S/2006/257 and Corr.1).

The United States continues to sponsor and participate in annual meetings of ARF members aimed at building capacities of ARF participants in meeting non-proliferation obligations, including those in the resolution.

Organization of American States

On 11 December 2006, the Committee on Hemispheric Security of the Organization of American States (OAS) held a special meeting on preventing the spread of nuclear, chemical, biological weapons and their means of delivery. The special meeting included discussion of the utility of national implementation plans relating to resolution 1540 (2004).

On 5 June 2007, the General Assembly of the OAS adopted a statement (AG/RES. 2333 (XXXVII O/07)) reaffirming the goals of the resolution; urging Member States to provide additional information to the 1540 Committee on efforts under way to implement resolution 1540 (2004), including road maps or action plans, as recommended by the 1540 Committee's April 2006 report to the Security Council; and resolving to hold a regional workshop on the implementation of the resolution in early 2008, in order to examine reporting by the Member States to the 1540 Committee and other ways in which States of the hemisphere might contribute, from a subregional perspective, to the implementation of that resolution.

2. Decides also that all States, in accordance with their national procedures, shall adopt and enforce appropriate effective laws which prohibit any non-State actor to manufacture, acquire, possess, develop, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery, in particular for terrorist purposes, as well as attempts to engage in any of the foregoing activities, participate in them as an accomplice, assist or finance them;

Nuclear weapons

Through the enactment of two recent statutes, the United States has addressed the threat of nuclear material being used to construct an "improvised nuclear device", a nuclear weapon, or sabotage of a nuclear facility. United States law now explicitly prohibits any person from knowingly constructing, possessing, exporting, importing, or using a nuclear weapon or radiological dispersal device (see 18 U.S.C. §§ 2332h, 832(c)). Attempts and conspiracies to build such devices are also criminally barred.

Radiological weapons

The United States, along with 89 other nations, has made a political commitment to follow the IAEA Code of Conduct on the Safety and Security of Radioactive Sources. The Code of Conduct calls for laws and regulations for the life-cycle control of high-risk radioactive sources — materials potentially usable in a radiological dispersal device, or so-called "dirty bomb". The Code provides for enforcement actions to ensure compliance with regulatory requirements and includes provisions for export controls, national materials-accounting registries, enhanced physical protection measures, prompt notification and recovery of lost or stolen sources, and plans for emergency preparedness and response. The United States has enacted laws and regulations in accordance with the provisions of the Code of Conduct. These include orders for enhanced security measures and laws for a real-time national source tracking system and for enhanced export controls for radioactive materials.

Biological weapons

Under United States law, a person may not develop, produce, stockpile, transfer, acquire, retain, or possess any biological agent, toxin, or delivery system for use as a weapon, or knowingly assist a foreign State or organization to do so. Depending on the circumstances, a person convicted of such an offence faces up to life imprisonment (18 U.S.C. § 175a).

United States law also criminalizes the possession of biological agents, toxins, or delivery systems of a type or quantity that, under the circumstances, is not reasonably justified by a prophylactic, protective, bona fide research, or other peaceful purpose (18 U.S.C. § 175b). There is a 10-year statutory maximum for a violation of this provision.

The smallpox agent, Variola major, is a particularly dangerous biological agent that has been eradicated in nature. Recognizing the devastating potential of its use as a biological weapon, the United States Congress amended the United States Public Health Code to specifically prohibit a Variola virus's production, engineering, synthesis, acquisition, direct or indirect transfer, receipt, possession, import, export or use, or possession and threatened use (18 U.S.C. § 175c). Any

person who violates, or attempts or conspires to violate, this prohibition is subject to imprisonment for not less than 25 years or to imprisonment for life.

The impact of release of a highly dangerous biological agent or toxin — whether intentional or accidental — can be catastrophic. Thus, tight controls over such agents and toxins are paramount to prevent their use as a weapon or from inadvertent release. On 12 June 2002, President George W. Bush signed into law the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 and the Agricultural Bioterrorism Protection Act of 2002. The Public Health Security and Bioterrorism Protection Act of 2002 authorized the strict regulation of the possession, use, and transfer of biological agents and toxins (select agents and toxins) that have the potential to pose a severe threat to public health and safety (42 C.F.R. Part 73). The Agricultural Bioterrorism Protection Act of 2002 authorized the strict regulation of select agents and toxins that have the potential to pose a severe threat to animal and plant health, or to animal and plant products (7 C.F.R. Part 331, 9 C.F.R. Part 121). These select agents and toxins are "the worst of the worst" and include biological agents such as *Bacillus anthrasis*, *Yersinia pestis*, *Clostridium botulinum*, plum pox potyvirus, avian influenza virus (highly pathogenic), and the bovine spongiform encephalopathy agent.

In August 2007, at the Biological Weapons Convention Experts Group Meeting in Geneva, a prosecutor from the Counterterrorism Section of the United States Department of Justice presented to the States parties an overview of effective law enforcement strategies in the area of bioterrorism.

On 13 May 2005, an individual pleaded guilty to possession of a biological weapon after the FBI executed a search warrant at his house during a computer intrusion investigation. The FBI discovered two toxins, ricin and nicotine sulfate, as well as explosive devices. He was sentenced to three-and-one-half years' imprisonment.

Catch-all or general provisions

Weapons of mass destruction, hoaxes, demonstrating use of weapons of mass destruction

In December 2004, Congress passed a law that generally prohibited the provision of false information, which if reasonably believed, would constitute a terrorism offence. Consequently, a person who knowingly conveys false information asserting or implying the commission of a WMD event — be it biological, chemical, or nuclear — may be prosecuted under United States law (18 U.S.C. § 1038).

A variety of other criminal statutes also may provide the basis for such prosecutions (e.g., 18 U.S.C. § 35(b) (prohibiting hoaxes concerning explosive or destructive devices when they impact motor vehicles, railroads, or shipping); 18 U.S.C. § 844(e) (hoaxes concerning bomb threats to buildings); 18 U.S.C. § 876 (mailing threatening communications); 18 U.S.C. § 1001 (providing material false statements); 49 U.S.C. § 46507 (hoaxes related to aircraft piracy)).

Material support or financial transactions

Material support or resources: On 17 December 2004, Congress enacted a law which bars individuals from providing material support or resources to a nuclear weapons (or other WMD) programme of a foreign terrorist power. A person

convicted of providing such support may be punished by up to 20 years in prison (18 U.S.C. § 832(a)).

Financial transactions: In its first report to the 1540 Committee, the United States noted the issuance of Executive Order (E.O.) 13382 by President Bush on 28 June 2005. Since that time, the Departments of State and the Treasury have designated a total of 63 entities and individuals for their support for Iranian, Syrian, or North Korean-related proliferation activities. The text of E.O. 13382 can be found at: http://www.whitehouse.gov/news/releases/2005/06/20050629.html.

The United States implements E.O. 13382 via an inter-agency working group, co-chaired by the Departments of State and the Treasury. The working group meets on a monthly basis and includes the Departments of Commerce, Justice, Energy, and Defense, as well as the intelligence community. The working group identifies potential candidates for designation under E.O. 13382 and discusses the current status of pending and future designations. Persons designated pursuant to E.O. 13382 may be directly involved in proliferation, may provide support for proliferation activities, or may act for, or on behalf of, proliferators. The Treasury Department's Office of Foreign Assets Control (OFAC) administers and enforces the sanctions imposed by the President under E.O. 13382. The names of the designated persons are placed on OFAC's list of Specially Designated Nationals. United States persons, and persons in the United States, are prohibited from dealing with the designated persons, unless authorized, and the assets of the designated persons that are subject to United States jurisdiction are blocked.

United States efforts in the proliferation finance arena are intended to support international cooperative efforts against WMD financing, including with the United States G-8 partners and through the Proliferation Security Initiative. They are also intended to serve as a model for other nations adopting new measures against WMD proliferation financing, consistent with their obligations under Security Council resolutions, including resolution 1540 (2004). United States Executive Order 13382 and the United States proliferation finance framework can serve as a model for others who are developing national tools to combat proliferation finance.

Looking forward, we also need to work together internationally to improve capabilities in identifying accounts and tracking transactions; sharing information on proliferation-related transactions; closing accounts and rejecting transactions; and freezing accounts, transactions, and other assets.

Joint terrorism task forces

FBI reorganization

On 5 June 2006, Congress approved the reorganization of the FBI. Combining the FBI's national security workforce and mission under one leadership umbrella enhances its contribution to the national intelligence effort and provides the FBI with the opportunity to leverage resources from its United States Intelligence Community partners, as well as its federal, state, local, and tribal law enforcement partners.

The mission of the National Security Branch (NSB) is to optimally position the FBI to protect the United States against weapons of mass destruction, terrorist attacks, foreign intelligence operations, and espionage by:

- Integrating investigative and intelligence activities against current and emerging national security threats;
- Providing useful and timely information and analysis to the intelligence and law enforcement communities; and
- Effectively developing enabling capabilities, processes, and infrastructure, consistent with applicable laws, Attorney General and Director of National Intelligence guidance, and civil liberties.

The vision of the NSB — to the extent authorized under the law — is to build a national awareness that permits recognition of a national security threat sufficiently early to permit its disruption. This approach will promote the collection of relevant information and minimize the gathering of extraneous data that distract from the analytical process.

The structure of the NSB is designed to strengthen the integration of the FBI's intelligence and investigative missions. This structure will enable the FBI to capitalize on its established ability to collect information and extend that strength to the analysis and production of intelligence.

Integration also ensures that intelligence can drive investigative operations. Information collected through FBI investigations is analysed not just to build a case for prosecution, but to give us a greater awareness of threats. Intelligence, in turn, drives investigative strategies to ensure that our resources are targeting the most pressing threats and that we collect the information decision makers need most.

Criminal and national security threats are often intertwined. Our greatest opportunity to prevent terrorist attacks is to combine intelligence gathered through both criminal investigations and national security investigations. The NSB will coordinate support from other FBI divisions, whether it is exploitation of documents and electronic media from a terrorist safe house or outreach efforts to enlist the private sector to track acquisition of weapons materials or defend critical national assets.

As the lead agency for counter-intelligence in the United States, and the primary investigative component of the Department of Justice, the FBI has the responsibility to oversee the integration of United States law enforcement and intelligence efforts to ensure that all available means are brought to bear to mitigate this ongoing and daunting threat, consistent with our laws and policy.

The FBI also has established new operational components dedicated to the counter-terrorism mission. These include the 24-hour Counterterrorism Watch and the National Joint Terrorism Task Force to manage and share threat information; the Terrorism Financing Operation Section to centralize efforts to stop terrorist financing; evidence exploitation squads to exploit material found overseas for intelligence value; deployable "Fly Teams" to lend counter-terrorism expertise wherever it is needed; and the Terrorist Screening Center and Foreign Terrorist Tracking Task Force to help identify terrorists and keep them out of the United States.

To support the broader intelligence mission, the FBI established the Directorate of Intelligence at FBI Headquarters to coordinate and manage intelligence functions throughout the Bureau. The Directorate of Intelligence oversees field intelligence operations through embedded intelligence elements

called Field Intelligence Groups (FIGs) in each of the FBI's 56 field offices. The FIGs perform intelligence functions through integrated teams of Special Agents, Intelligence Analysts, Language Analysts, and Surveillance Specialists. The Directorate of Intelligence also has embedded elements focused on intelligence in each of the operational divisions at FBI Headquarters — the Counterterrorism Division, the Counterintelligence Division, and the WMD Directorate, as well as the Criminal Investigative and Cyber Divisions. Through this integrated management structure, the Directorate of Intelligence ensures that the FBI's raw intelligence production and strategic intelligence production are consistent with national intelligence priorities.

WMD Directorate

To integrate the FBI's work relating to WMD issues and concentrate WMD essential capabilities into key functional sections, the NSB established the WMD Directorate on 26 July 2006. The mission of the WMD Directorate is to protect the United States from a WMD terrorist attack and to prevent WMD counter-proliferation. The detection of WMD terrorist activities, the deterrence of those activities, the denial of WMD modalities to terrorists and other actors, and the pre-eventive disruption of active terrorist attacks represent the highest priorities of the WMD Directorate.

The WMD Directorate represents an organizational structure that ensures an effective national approach to preventing and responding to the WMD threat by unifying counter-WMD initiatives, intelligence collection, operational response and investigation within a single leadership structure. The WMD Directorate integrates and links all of the necessary counter-terrorism, intelligence, counter-intelligence, and scientific and technological components to accomplish the FBI's overall WMD mission.

The WMD Directorate's vision is to eliminate the illicit use of weapons of mass destruction, and its mission is to prevent WMD attacks, identify and respond to WMD threats, and fully coordinate the investigative response. This involves integrating intelligence and leading law enforcement operations to identify, detect, and disrupt WMD operations.

As the newest NSB component, the WMD Directorate is expected to provide flexibility for growth and development; its structure will also allow for optimal coordination with inter-agency partners. The Directorate will assign specific programme responsibilities and will provide a mechanism to perform the following essential capabilities: intelligence; countermeasures; preparedness; assessment and response; investigative; science and technology support; and policy and planning.

Counter-intelligence

The purpose of the FBI's intelligence programme is to leverage its investigative and information-gathering capability to detect and disrupt threats before they manifest themselves in a terrorist or criminal act.

The Directorate of Intelligence will leverage the FBI's strong history of partnerships by uniting FBI intelligence professionals with the private sector and state, local, and tribal law enforcement. The FBI will engage in joint operations in a

shared information space, where it can create a common view of the threat and a clear understanding of our respective roles in countering that threat.

Each of the FBI's 56 field offices has a Field Intelligence Group (FIG) made up of Special Agents, Intelligence Analysts, and depending on the size of the office, Surveillance Specialists and Language Analysts. Officers and analysts from other intelligence and law enforcement agencies are often included as well. FIGs are central to the integration of the intelligence cycle — the six-step process of developing unrefined data into polished intelligence for the use of policymakers — into field operations.

The FIG provides regional integration of the larger FBI intelligence programme. It also provides national-level requirements and information needs to the field offices, and guidance for their local collection efforts. The FIG also integrates field office insight into the national picture.

Development of human sources

The FBI has long recognized that human source information is one of the most important ways to investigate criminal activity. The FBI has long-standing expertise in recruiting and working with human sources, and it has used those skills to great effect across a wide range of investigative programmes, including organized crime, drugs, public corruption, and white collar crime. The Bureau has placed a priority on developing human intelligence source reporting on international and domestic terrorists. The FBI has revised its training programme, personnel evaluation criteria, and operational priorities to focus on source development, and it is enhancing the guidance, oversight, and training provided to FBI agents to ensure proper management of human sources.

As of 23 May 2006, the FBI had implemented a phased-in validation process that allows the FBI to validate all of its sources on a continuous basis. This validation process has been coordinated closely with the Office of the Director of National Intelligence, the Defense Intelligence Agency and elements of the Department of Defense. As a result of its implementation, each division at FBI Headquarters has established entities specifically dedicated to the validation of sources reporting on their specific programmes.

Intelligence Career Service

A primary accomplishment of the FBI's intelligence programme in 2005 was the creation of an Intelligence Career Service (ICS), whose members work at FBI Headquarters and in all 56 field offices. As just one example of the Directorate of Intelligence's progress in building up the ICS, the FBI focused on and increased the Intelligence Analyst staffing level in the field, thereby supporting the strategic emphasis of putting analysts "where the intelligence is". The number of analysts in the field grew from 617 in January 2004 to 1,105 as of July 2006. The Directorate of Intelligence also increased the Language Analyst Funded Staffing Level, from 494 in fiscal year 2005 to 773 in fiscal year 2006.

3. Decides also that all States shall take and enforce effective measures to establish domestic controls to prevent the proliferation of nuclear, chemical, or biological weapons and their means of delivery, including by establishing appropriate controls over related materials and to this end shall:

3(a). Develop and maintain appropriate effective measures to account for and secure such items in production, use, storage or transport;

3(b). Develop and maintain appropriate effective physical protection measures:

DHS: Protected Critical Infrastructure Information Program

See paragraph 8 (d).

DHS: Chemical Facility Anti-Terrorism Standards

The United States Department of Homeland Security (DHS) has released an interim final rule that imposes comprehensive federal security regulations for high-risk chemical facilities.

This rule establishes risk-based performance standards for the security of our nation's chemical facilities. It requires covered chemical facilities to:

- prepare Security Vulnerability Assessments, which identify facility security vulnerabilities, and
- develop and implement Site Security Plans, which include measures that satisfy the identified risk-based performance standards.

It also allows certain covered chemical facilities, in specified circumstances, to submit alternate security programmes in lieu of a security vulnerability assessment, site security plan, or both.

Chemical Facility Anti-Terrorism Standards Interim Final Rule
Appendix A: Final Rule (PDF, 41 pages — 2.12 MB)

Note: On 20 November 2007 the Department of Homeland Security published the final Appendix A in the Federal Register. With the publication of a final Appendix A, all provisions of 6 C.F.R. Part 27, including § 27.210(a)(1)(i), are operative and in effect. The deadline in the Chemical Facilities Anti-Terrorism Standard interim final rule for submission of "Top Screens" required by 6 C.F.R. § 27.210(a)(1)(i) will be 60 calendar days from the date of publication of Appendix A in the Federal Register.

Chemicals of Interest List (PDF, 16 pages — 2 MB)

This regulation became effective 8 June 2007, except for Appendix A (PDF, 41 pages — 2.12 MB), which became effective upon its publication in the Federal Register on 20 November 2007.

3(c). Develop and maintain appropriate effective border controls and law enforcement efforts to detect, deter, prevent, and combat, including through international cooperation when necessary, the illicit trafficking and brokering in such items in accordance with their national legal authorities and legislation and consistent with international law;

Border controls

Department of Homeland Security: Secure Freight Initiative

As part of the Department's layered approach to port and supply chain security, the initial phase of the Secure Freight Initiative has deployed a combination of proven nuclear detection devices and non-intrusive imaging equipment to three foreign ports, Qasim (Pakistan), Cortes (Honduras), and Southampton (United Kingdom), where 100 per cent of United States-bound containers are being scanned. Limited deployments to four other ports are in progress, including Hong Kong, Busan (Republic of Korea), Singapore, and Salalah (Oman).

Containers from the ports will be scanned for radiation before being allowed to depart for the United States. In the event of a detection alarm, both Department of Homeland Security personnel and host country officials simultaneously receive an alert.

The Department of Homeland Security is allocating nearly $30 million to fund the non-intrusive imaging equipment and the Department of Energy's National Nuclear Security Administration (http://www.nnsa.doe.gov/) is contributing more than $30 million to fund the installation of radiation portal monitors. The United States Government is also installing the necessary communications infrastructure to transmit the data back to the United States in real time and working with the host Governments during the alarm resolution process.

Nuclear and radiological risk assessment for containers

Data gathered on containers bound for the United States in foreign ports participating in the Secure Freight Initiative will be transmitted in near real-time to United States Customs and Border Protection (CBP) officers working in overseas ports and to the Department's National Targeting Center. This data will be combined with other available risk assessment information such as currently required manifest submissions, to improve risk analysis, targeting and scrutiny of high-risk containers in other States.

All alarms from the radiation detection equipment for any container will continue to be resolved locally. For containers bound for the United States, we will work with host Governments to establish protocols that ensure a swift resolution by the host Government and may include instructing carriers not to load the container until the risk is fully resolved.

Phase I Ports

Ports deploying scanning equipment to capture data on all containers bound to the United States:

- Port Qasim in Pakistan
- Puerto Cortes in Honduras
- Southampton in the United Kingdom

Large container ports with initial limited deployment to learn how to integrate the new technology with port operations and commerce flow:

- Port Salalah in Oman
- Port of Singapore
- Port Busan in the Republic of Korea (Gamman Terminal)

Multiple layers of port security

The Secure Freight Initiative builds upon a risk-based approach to securing the international supply chain by leveraging programmes like:

- The United States Department of Energy **National Nuclear Security Administration Megaports Initiative** works with foreign Governments to install specialized radiation detection equipment in order to deter, detect, and interdict illicit shipments of nuclear and other radioactive materials. (Megaports radiation detection equipment is operational in 12 countries and at various stages of implementation in ports in 16 other countries and Taiwan.)
- The Department of Homeland Security's **Container Security Initiative** (see description below) enables CBP officers already working in 50 overseas ports to inspect high-risk containers before they are loaded on vessels destined for the United States.
- The **Customs Trade Partnership against Terrorism** (see description below) partners 6,000 of the world's leading United States importers with the Department of Homeland Security to pre-screen all of their cargo entering the country.

Domestic Nuclear Detection Office

The Domestic Nuclear Detection Office (DNDO) is a jointly staffed office established 15 April 2005 to improve the United States capability to detect and report unauthorized attempts to import, possess, store, develop, or transport nuclear or radiological material for use against the United States, and to further enhance this capability over time.

DNDO strategic objectives:

- Develop the global nuclear detection and reporting architecture
- Develop, acquire, and support the domestic nuclear detection and reporting system
- Fully characterize detector system performance before deployment
- Establish situational awareness through information sharing and analysis
- Establish operation protocols to ensure detection leads to effective response
- Conduct a transformational research and development programme
- Establish the National Technical Nuclear Forensics Center to provide planning, integration, and improvements to United States Government nuclear forensics capabilities

Customs-Trade Partnership against Terrorism

The Customs-Trade Partnership against Terrorism (C-TPAT) is a very successful government-private sector partnership aimed at protecting the supply chains from concealment of terrorist weapons, including weapons of mass destruction. C-TPAT was launched in November 2001, with just seven companies — seven major importers. Today, over 7,400 companies are enrolled, and these companies — critical players in the global supply chain — include United States importers, customs brokers, terminal operators, carriers and foreign manufacturers.

The guiding principles for C-TPAT have been voluntary participation and jointly developed security criteria, best practices, and implementation procedures. C-TPAT partners have worked with DHS/CBP and global supply chains are more secure today as a result of C-TPAT. In exchange, CBP provides reduced inspections at the port of arrival and expedited processing at the border.

C-TPAT is designed to:

1) Improve security of a significant percentage of shipments to the United States;

2) Provide benefits and incentives to private sector companies that meet or exceed C-TPAT supply chain security criteria and best practices; and

3) Concentrate CBP's inspectional resources and capabilities on higher risk shipments.

The C-TPAT strategy relies on a multilayered approach consisting of the following five goals:

- Goal 1: Ensure that C-TPAT partners improve the security of their supply chains pursuant to C-TPAT security criteria.
- Goal 2: Provide incentives and benefits to include expedited processing of C-TPAT shipments to C-TPAT partners.
- Goal 3: Internationalize the core principles of C-TPAT through cooperation and coordination with the international community.
- Goal 4: Support other CBP security and facilitation initiatives.
- Goal 5: Improve administration of the C-TPAT programme.

Container Security Initiative

As the single, unified border agency of the United States, Customs and Border Protection's mission is extraordinarily important to the protection of the United States. In the aftermath of the terrorist attacks on 11 September 2001, United States Customs Service began developing anti-terrorism programmes to help secure the United States. Within months of these attacks, United States Customs Service had created the Container Security Initiative (CSI).

CSI addresses the threat to border security and global trade posed by the potential for terrorist use of a maritime container to deliver a weapon. CSI proposes a security regime to ensure all containers that pose a potential risk for terrorism are identified and inspected at foreign ports before they are placed on vessels destined for the United States. CBP has stationed multidisciplinary teams of United States

officers from both CBP and Immigration and Customs Enforcement to work together with our host foreign Government counterparts. Their mission is to target and pre-screen containers and to develop additional investigative leads related to the terrorist threat to cargo destined to the United States.

The three core elements of CSI are:

- Identify high-risk containers. CBP uses automated targeting tools to identify containers that pose a potential risk for terrorism, based on advance information and strategic intelligence.
- Pre-screen and evaluate containers before they are shipped. Containers are screened as early in the supply chain as possible, generally at the port of departure.
- Use technology to pre-screen high-risk containers to ensure that screening can be done rapidly without slowing down the movement of trade. This technology includes large-scale X-ray and gamma ray machines and radiation detection devices.

Through CSI, CBP officers work with host Customs administrations to establish security criteria for identifying high-risk containers. Those administrations use non-intrusive inspection and radiation detection technology to screen high-risk containers before they are shipped to United States ports.

CSI, a reciprocal programme, offers its participant countries the opportunity to send their Customs officers to major United States ports to target ocean-going, containerized cargo to be exported to their countries. Likewise, CBP shares information on a bilateral basis with its CSI partners. Japan and Canada currently station their Customs personnel in some United States ports as part of the CSI programme.

Announced in January 2002, CSI has made great strides since its inception. In just over four years, 26 Customs administrations have committed to joining CSI and are at various stages of implementation.

CSI is now operational at ports in North America, Europe, Asia, Africa, the Middle East, and Latin and Central America. CBP's 58 operational CSI ports now make approximately 90 per cent of all transatlantic and transpacific cargo imported into the United States subject to pre-screening prior to importation.

CSI continues to expand to strategic locations around the world. The World Customs Organization, the European Union, and the G-8 support CSI expansion and have adopted resolutions implementing CSI security measures introduced at ports throughout the world.

Currently operational CSI ports:

In the Americas

- Montreal, Vancouver, and Halifax, Canada
- Santos, Brazil
- Buenos Aires, Argentina
- Puerto Cortes,* Honduras

- Caucedo, Dominican Republic
- Kingston, Jamaica
- Freeport, The Bahamas
- Balboa, Colon, and Manzanillo, Panama
- Cartagena, Colombia

In Europe

- Rotterdam, The Netherlands
- Bremerhaven and Hamburg, Germany
- Antwerp and Zeebrugge, Belgium
- Le Havre and Marseille, France
- Gothenburg, Sweden
- La Spezia, Genoa, Naples, Gioia Tauro, and Livorno, Italy
- Felixstowe, Liverpool, Thamesport, Tilbury, and Southampton, United Kingdom
- Piraeus, Greece
- Algeciras, Barcelona, and Valencia, Spain
- Lisbon, Portugal

In Asia and the Middle East

- Singapore*
- Yokohama, Tokyo, Nagoya, and Kobe, Japan
- Hong Kong
- Busan* (Pusan), Republic of Korea
- Port Klang and Tanjung Pelepas, Malaysia
- Laem Chabang, Thailand
- Dubai, United Arab Emirates
- Shenzhen and Shanghai
- Kaohsiung and Chi-Lung
- Colombo, Sri Lanka
- Port Salalah,* Oman
- Port Qasim, Pakistan
- Ashdod, Israel
- Haifa, Israel
- Alexandria, Egypt

In Africa

- Durban, South Africa

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* Secure Freight Initiative ports.

Radiation detection equipment and non-intrusive inspection imaging technology

As of 6 December 2007, CBP has deployed 1,054 radiation portal monitors and 192 large-scale non-intrusive inspection imaging systems to United States ports of entry. Additionally, CBP has deployed over 16,000 personal radiation detection devices and over 1,000 radiation isotope identifier devices to our ports of entry.

Bank transactions

Financial Action Task Force

The United States supports the work the Financial Action Task Force (FATF) has done on proliferation finance over the past year, as well as its decision to continue such work through a typologies study due in June 2008.

In June 2007, the FATF adopted guidance regarding the implementation of financial provisions of the Security Council resolutions to counter the proliferation of WMD. This guidance included next steps for further study of broad-based measures to combat WMD proliferation finance under resolution 1540 (2004). Among the financial provisions of the relevant Security Council resolutions are activity-based financial prohibitions, including those contained in paragraph 6 of Security Council resolution 1737 (2006). To assist in the implementation of the activity-based financial prohibitions of resolution 1737, the FATF issued guidance in October 2007 intended to assist jurisdictions in providing further guidance to financial institutions whose products and services could lead to their direct or indirect involvement in the provision to the Islamic Republic of Iran of financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, manufacture, transfer or use of prohibited items, materials, equipment, goods and technology specified in paragraphs 3 and 4 of resolution 1737 (2006). The United States maintains several lists of companies or individuals that are prohibited from doing business in the United States or with United States companies. These lists are released publicly to allow foreign governments to have up-to-date information about entities and individuals that are involved in suspicious activities, and may be useful in implementing the obligations of paragraph 6. These lists can be found here: http://www.bis.doc.gov/licensing/exportingbasics.htm.

The United States is a member of a FATF working group that is conducting a typology exercise to identify the ongoing threat of the financing of WMD proliferation; to analyse the effectiveness of existing measures to counter the threat of the financing of WMD proliferation; and, to identify measures that could be considered in combating WMD proliferation finance within the framework of existing Security Council resolutions, such as resolution 1540 (2004). This project includes gathering case studies to help FATF understand how proliferators exploit the financial system, and identifying vulnerabilities in the existing anti-money-laundering/counter-terrorist financing framework. This study, which is scheduled to

be completed in June 2008, will serve to inform future work of the FATF on proliferation finance.

Suspicious activity reports

The FBI's counter-intelligence strategy has established national counter-intelligence priorities and proactively focused operations against the United States most aggressive adversaries. The programme has made great strides in rebuilding the FBI's professional cadre of counter-intelligence Special Agents, deploying critical counter-intelligence resources in all 56 field offices, and establishing evaluation criteria by which field offices can manage their programmes and gauge their progress. In the future, these improvements will provide a foundation from which enhanced and expanded counter-intelligence efforts can be launched.

Law enforcement

In 2003 an Israeli national working from South Africa, a Pakistani national in Pakistan, and others conspired to obtain triggering devices for nuclear explosive devices from a United States company for an undisclosed Pakistani entity. The devices, known as triggered spark gaps, are dual-use items which are commonly used in lithotripters to dissolve kidney stones through the use of electronic signals. Fortunately, the conspiracy was discovered before fully completed and no operative devices were trans-shipped to Pakistan. Ultimately, the Israeli and Pakistani conspirators were indicted in the United States for violating United States export control laws. The Israeli national was arrested in the United States, convicted and sentenced to prison.

Department of Homeland Security: State and Local Fusion Centers

State and local authorities have created 38 Fusion Centers around the country. Fusion Centers blend relevant law enforcement and intelligence information analysis and coordinate security measures in order to reduce threats in local communities. They provide critical sources of unique law enforcement and threat information; facilitate sharing information across jurisdictions and function; and provide a conduit between men and women on the ground protecting their local communities and state and federal agencies. The Department of Homeland Security has provided more than $380 million to state and local governments in support of these centers.

Analysts from the Department of Homeland Security Office of Intelligence and Analysis work side-by-side with state and local authorities at Fusion Centers across the country. These analysts facilitate the two-way flow of timely, accurate, actionable information on all types of hazards.

The Department will have tailored, multidisciplinary teams of intelligence and operational professionals in major Fusion Centers nationwide by the end of fiscal year 2008.

International Law Enforcement Cooperation

In the spring of 2007, the Justice Department's National Security Division created a new initiative to address the threat posed by the proliferation of weapons of mass destruction and other sophisticated weapons systems. Local United States

Attorneys will lead task forces in their districts which will consist of representatives from all of the agencies with investigative jurisdiction for proliferation- and export-related offences. These task forces will be headed by a national coordinator in Washington, D.C. The goal of this initiative is to further protect critical technologies by detecting, thwarting, investigating, and prosecuting those who would seek illegally to acquire them.

To date, 62 Customs Mutual Assistance Agreements have been concluded with foreign Governments for the exchange of Customs-related information.

Designations under Executive Order 13382

The United States has designated 11 organizations as primary proliferation entities under Executive Order 13382 in either the Annex of E.O. 13382 or through designations by the State Department in consultation with the Treasury and Justice Departments. These entities are:

- the Aerospace Industries Organization (AIO)
- the Shahid Bakeri Industrial Group (SBIG)
- the Shahid Hemmat Industrial Group (SHIG)
- the Atomic Energy Organization of Iran (AEOI)
- the Islamic Revolutionary Guard Corps (IRGC)
- the Ministry of Defense and Armed Forces Logistics (MODAFL)
- Defense Industries Organization (DIO)
- Korea Mining Development Trading Corporation (KOMID)
- Tanchon Commercial Bank
- Korea Ryonbong General Corporation
- the Scientific Studies and Research Center (SSRC)

Islamic Republic of Iran

Aerospace Industries Organization

The President of the United States named Iran's Aerospace Industries Organization (AIO) as a primary proliferation entity in the Annex to Executive Order 13382 on 28 June 2005. AIO is a subsidiary of the Iranian Ministry of Defence and Armed Forces Logistics and is the overall manager and coordinator of Iran's missile programme. AIO oversees all of Iran's missile institutions, but it has had a great deal of assistance from other organizations that have also been designated under E.O. 13382.

Shahid Hemmat Industrial Group

The President of the United States named the Shahid Hemmat Industrial Group (SHIG) in the Annex to E.O. 13382 on 28 June 2005. SHIG is responsible for Iran's ballistic missile programmes, most notably the Shahab series of medium-range ballistic missiles, which are based on the North Korean-designed No Dong missile.

The Shahab has a range of at least 1,500 kilometres and is capable of carrying chemical, nuclear, and biological warheads. SHIG has received help from China and the Democratic People's Republic of Korea in the development of this missile.

Shahid Bakeri Industrial Group

The President of the United States named the Shahid Bakeri Industrial Group (SBIG) in the Annex to E.O. 13382 on 28 June 2005. SBIG is also involved in Iran's missile programmes. Among the weapons SBIG produces are the Fateh-110 missile, with a range of 200 kilometres, and the Fajr rocket systems, a series of North Korean-designed rockets produced under licence by SBIG with ranges of between 40 and 100 kilometres. Both systems are capable of carrying WMD payloads.

The following entities or individuals were designated by the Secretary of the Treasury pursuant to E.O. 13382 section 1(a)(iii) or 1(a)(iv) for providing or attempting to provide financial, material, technological, or other support for, or for being owned or controlled by, or acting or purporting to act for or on behalf of, AIO, SBIG, and/or SHIG:

- Mizan Machine Manufacturing Group — designated 8 June 2007
- Sanam Industrial Group — designated 18 July 2006
- Ya Mahdi Industries Group — designated 18 July 2006
- Fajr Industries Group — designated 8 June 2007
- Beijing Alite Technologies Company (ALCO) — designated 13 June 2006
- LIMMT Economic and Trade Company, Ltd. (LIMMT) — designated 13 June 2006
- China National Precision Machinery Import/Export Corporation (CPMIEC) — designated 13 June 2006
- China Great Wall Industry Corporation (CGWIC) — designated 13 June 2006
- Ahmad Vahid Dastjerdi — designated 25 October 2007
- Reza-Gholi Esmaeli — designated 25 October 2007
- Bahmanyar Morteza Bahmanyar — designated 25 October 2007

Mizan Machine Manufacturing Group

Mizan Machine Manufacturing Group was designated for being owned or controlled by, or acting or purporting to act for or on behalf of Iran's Aerospace Industries Organization (AIO). It is one of several front companies utilized by AIO in commercial transactions. In particular, Mizan Machine Manufacturing Group has been used by AIO to acquire sensitive material for Iran's ballistic missile programme. It has also acted on behalf of the Shahid Hemmat Industrial Group (SHIG), a subordinate entity of the AIO, which is listed in Security Council resolution 1737 (2006) for its direct role in advancing Iran's ballistic missile programme. In 2005, Mizan was connected to the acquisition of equipment, on behalf of SHIG, that could be used to calibrate guidance and control instruments for more accurate targeting of Iran's ballistic missiles.

Sanam Industrial Group

Sanam Industrial Group was designated for being owned or controlled by, or acting or purporting to act for or on behalf of the AIO. As a subordinate to the AIO, Sanam Industrial Group has purchased millions of dollars worth of equipment on behalf of the AIO from entities associated with missile proliferation.

Ya Mahdi Industries Group

Ya Mahdi Industries Group was also designated for being owned or controlled by, or acting or purporting to act for or on behalf of the AIO. Ya Mahdi Industries Group is subordinate to the AIO and has been involved in international purchases of missile-related technology and goods on behalf of the AIO.

Fajr Industries Group

Fajr Industries Group was designated for being owned or controlled by, or acting or purporting to act for or on behalf of the AIO. Fajr Industries Group is subordinate to the AIO and involved in the production and acquisition of precision equipment for missile guidance and control systems. Fajr has consistently procured a wide range of missile guidance and control equipment on behalf of the AIO over the years. Since the late 1990s, Fajr has purchased a high-strength steel alloy that is useful for guidance equipment in ballistic missiles and missile-related technology and items.

Beijing Alite Technologies Company

Beijing Alite Technologies Company (ALCO) was designated for providing, or attempting to provide, financial, material, technological or other support for, or goods or services in support of, the AIO, SBIG and/or SHIG, which were all named in the Annex to E.O. 13382. ALCO has provided Iranian missile organizations with missile-related and dual-use components.

LIMMT Economic and Trade Company, Ltd.

LIMMT was designated for providing, or attempting to provide, financial, material, technological or other support for, or goods or services in support of, the AIO, SBIG, and/or SHIG. LIMMT has supplied or attempted to supply Iran's military and missile organizations with controlled items.

China National Precision Machinery Import/Export Corporation

China National Precision Machinery Import/Export Corporation (CPMIEC) was designated for providing, or attempting to provide, financial, material, technological or other support for, or goods or services in support of, the AIO, SBIG, and/or SHIG. CPMIEC has sold SBIG goods to these entities that are controlled under the Missile Technology Control Regime.

China Great Wall Industry Corporation

China Great Wall Industry Corporation (CGWIC) was designated for providing, or attempting to provide, financial, material, technological or other support for, or goods or services in support of, the AIO, SBIG, and/or SHIG.

CGWIC provided goods to Iran's missile programme. Great Wall Aerospace, Inc. is the United States representative of CGWIC and is located in Torrance, California.

Ahmad Vahid Dastjerdi

Ahmad Vahid Dastjerdi was designated for acting or purporting to act for or on behalf of AIO. Dastjerdi is the Head of the Aerospace Industry Organization.

Reza-Gholi Esmaeli

Reza-Gholi Esmaeli was designated for acting or purporting to act for or on behalf of AIO. Esmaeli is the Head of Trade and International Affairs Department, AIO.

Bahmanyar Morteza Bahmanyar

Bahmanyar Morteza Bahmanyar was designated for acting or purporting to act for or on behalf of AIO. Bahmanyar is the Head of Finance & Budget Department, AIO.

The Secretary of State has designated the following entities pursuant to section 1(a)(ii) after determining, in consultation with Treasury and Justice that they have engaged or attempted to engage in activities that have materially contributed to, or posed a risk of materially contributing to, the proliferation of WMD or their means of delivery:

- Defence Industries Organization (DIO)
- Islamic Revolutionary Guard Corps (IRGC)
- Ministry of Defence and Armed Forces Logistics (MODAFL)

Defence Industries Organization

Defence Industries Organization was designated by the Secretary of State under E.O. 13382 on 30 March 2007 due to its involvement in uranium enrichment and suspected involvement in Iran's WMD programme.

Ministry of Defence and Armed Forces Logistics

The Ministry of Defence and Armed Forces Logistics (MODAFL) was designated by the Secretary of State on 25 October 2007 for its control of the Defence Industries Organization, a Security Council-sanctioned entity. MODAFL was also sanctioned, pursuant to the Arms Export Control Act and the Export Administration Act, in November 2000 for its involvement in missile technology proliferation activities.

MODAFL has ultimate authority over Iran's Aerospace Industries Organization. The AIO is the Iranian organization responsible for ballistic missile research, development and production activities and organizations, including the Shahid Hemmat Industries Group and the Shahid Bakeri Industries Group, which were both listed under resolution 1737 (2006) and designated under E.O. 13382. The head of MODAFL has publicly indicated Iran's willingness to continue to work on ballistic missiles. Defence Minister Brigadier General Mostafa Mohammad Najjar said that one of MODAFL's major projects is the manufacture of Shahab-3

missiles and that this project will not be halted. MODAFL representatives have acted as facilitators for Iranian assistance to an E.O. 13382-designated entity and, over the past two years, have brokered a number of transactions involving materials and technologies with ballistic missile applications.

Islamic Revolutionary Guard Corps

The Islamic Revolutionary Guard Corps (IRGC) was designated by the Secretary of State on 25 October 2007 as a primary proliferation entity. The IRGC is considered the military vanguard of Iran and is composed of five branches (Ground Forces, Air Force, Navy, Basij militia, and Qods Force special operations) in addition to a counterintelligence directorate and representatives of the Supreme Leader. The IRGC has significant political and economic power in Iran, with ties to companies controlling billions of dollars in business and construction and a growing presence in Iran's financial and commercial sectors. Through its companies, the IRGC is involved in a diverse array of activities, including petroleum production and major construction projects across the country. It runs prisons and has numerous economic interests in the defence, construction and petroleum industries. Several of the IRGC's leaders have been sanctioned under resolution 1747 (2007).

The IRGC has been outspoken about its willingness to proliferate ballistic missiles capable of carrying WMD. The IRGC's ballistic missile inventory includes missiles that could be modified to deliver WMD. The IRGC is one of the primary regime organizations tied to developing and testing the Shahab-3 and attempted, as recently as 2006, to procure sophisticated and costly equipment that could be used to support Iran's ballistic missile and nuclear programmes.

Through its companies, the IRGC is involved in a diverse array of activities, including petroleum production and major construction projects across the country. For example, in 2006, Khatam al-Anbiya secured deals worth at least $7 billion in the oil, gas and transportation sectors, among others. Nine of the IRGC's front companies have been designated by the Secretary of the Treasury for acting or purporting to act for or on behalf of the IRGC. The following companies were designated on the basis of this relationship to the IRGC:

- Khatam al-Anbiya Construction Headquarters — designated 25 October 2007
- Oriental Oil Kish — designated 25 October 2007
- Ghorb Nooh — designated 25 October 2007
- Sahel Consultant Engineering — designated 25 October 2007
- Ghorb-e Karbala — designated 25 October 2007
- Sepasad Engineering Co. — designated 25 October 2007
- Omran Sahel — designated 25 October 2007
- Hara Company — designated 25 October 2007
- Gharargahe Sazandegi Ghaem — designated 25 October 2007

Five individuals were also designated on 25 October 2007 by the Secretary of the Treasury for acting or purporting to act for or on behalf of the IRGC. They are:

- General Hosein Salimi is the Commander of the Air Force, IRGC.

- Brigadier General Morteza Rezaie is the Deputy Commander of the IRGC.
- Vice Admiral Ali Akhbar Ahmadian was most recently former Chief of the IRGC Joint Staff.
- Brigadier General Mohammad Hejazi was most recently former Commander of Basij resistance force.
- Brigadier General Qasem Soleimani is the Commander of the Qods Force.

Atomic Energy Organization of Iran

The Atomic Energy Organization of Iran (AEOI) was named by the President in the Annex to E.O. 13382 on 28 June 2005. The AEOI, which reports directly to the Iranian President, is the main Iranian organization for research and development activities in the field of nuclear technology, including Iran's centrifuge enrichment programme and experimental laser enrichment of uranium programme. AEOI also manages Iran's overall nuclear programme.

The following entities or individuals were designated by the Secretary of the Treasury pursuant to E.O. 13382 section 1(a)(ii) or 1(a)(iii) for providing or attempting to provide financial, material, technological, or other support for, or for being owned or controlled by, or acting or purporting to act for or on behalf of, AEOI:

- Pioneer Energy Industries Company — designated on 16 February 2007
- Mesbah Energy Company — designated on 4 January 2006
- Kalaye Electric Company — designated on 16 February 2007
- Pars Tarash — designated on 8 June 2007
- Farayand Technique — designated on 18 June 2007
- Novin Energy Company — designated on 4 January 2006
- Kavoshyar Company — designated on 16 February 2007
- Bank Mellat — designated on 25 October 2007
- Mohammad Qannadi — designated on 18 June 2007
- Ali Hajina Leilabadi — designated on 18 June 2007

Pioneer Energy Industries Company

Pioneer Energy Industries Company was designated for being owned or controlled by, or acting or purporting to act for or on behalf of, the AEOI. Pioneer has provided services to AEOI, including technical support.

Mesbah Energy Company

Mesbah Energy Company is a State-owned company designated for being owned or controlled by, or acting on behalf of, the AEOI. Through its role as a front for the AEOI, Mesbah has been used to procure products for Iran's heavy water project. Heavy water is essential for Iran's heavy water-moderated reactor project, which will provide Iran a potential source of plutonium well-suited for nuclear

weapons. Heavy water is believed to have no credible use in Iran's civilian nuclear power programme, which is based on light-water reactor technology.

Kalaye Electric Company

Kalaye Electric Company was designated for being owned or controlled by, or acting or purporting to act for or on behalf of, the AEOI. Kalaye has been linked to Iran's centrifuge research and development efforts. Kalaye is listed in the annex to resolution 1737 (2006) due to its involvement in Iran's nuclear programme.

Pars Tarash

Pars Tarash has been designated for being owned or controlled by, or acting or purporting to act for or on behalf of, the AEOI. In January 2004, it was revealed to IAEA that Pars Tarash was operating as a subsidiary of Kalaye Electronic Company, which itself is a subsidiary of the AEOI and a designated entity pursuant to E.O.13382. In addition to having been identified in IAEA reports, Pars Tarash was listed in the annex to resolution 1737 (2006) for its involvement in Iran's centrifuge programme. Specifically, Pars Tarash has been identified as a site used by Natanz and the Kalaye Electric Company to store centrifuge equipment.

Farayand Technique

Farayand Technique, along with Pars Tarash, has been designated for being owned or controlled by, or acting or purporting to act for or on behalf of, the AEOI. In January 2004, it was revealed to IAEA that Farayand Technique was a subsidiary of Kalaye Electronic Company, which itself is a subsidiary of the AEOI and a designated entity pursuant to E.O. 13382. In addition to having been identified in IAEA reports, Farayand Technique was listed in the annex to resolution 1737 (2006) for its involvement in Iran's domestic centrifuge programme. Farayand Technique has had a number of different roles within Iran's centrifuge enrichment programme. It performs quality controls on components at the uranium enrichment facility at Natanz, and has developed capabilities suitable for the testing and assembly of centrifuges.

Novin Energy Company

Novin Energy Company was designated for being owned or controlled by, or acting or purporting to act on behalf of, the AEOI. It has transferred millions of dollars on behalf of the AEOI to entities associated with Iran's nuclear programme. Novin operates within the AEOI and shares the same address as the AEOI.

Kavoshyar Company

Kavoshyar Company was designated for being owned or controlled by, or acting or purporting to act on behalf of the AEOI. AEOI is Kavoshyar's sole shareholder, and has long been suspected of involvement in Iran's WMD programmes.

Bank Mellat

Bank Mellat was designated for providing banking services in support of Iran's nuclear entities, namely the AEOI and Novin Energy Company. Bank Mellat

services and maintains AEOI accounts, mainly through AEOI's financial conduit, Novin Energy. The bank has facilitated the movement of millions of dollars for Iran's nuclear programme since at least 2003. Transfers from Bank Mellat to Iranian nuclear-related companies have occurred as recently as this year.

Two other banks affiliated with Bank Mellat, Mellat Bank SB CJSC and Persia International Bank, PLC, were also designated on 25 October 2007 for being owned or controlled by, or acting or purporting to act for or on behalf of, Bank Mellat.

Two individuals have also been designated for acting or purporting to act on behalf of the AEOI. Mohammad Qannadi was identified by the United Nations as being AEOI's Vice President for Research and Development. In August 2006, Qannadi was awarded a medal by the Iranian President for his contributions to Iran's nuclear technology programme. This award was given to him in honour of his role as the AEOI's technology deputy.

Ali Hajina Leilabadi has been identified as the Director General of the Mesbah Energy Company, a subordinate company of the AEOI. Mesbah has been used to procure products for Iran's heavy water project, which is likely aimed at producing plutonium. In August 2006, Leilabadi was awarded a medal of excellence by the Iranian President for his role as director and deputy manager of Mesbah.

Bank Sepah

Bank Sepah was designated by the Secretary of the Treasury on 9 January 2007 for providing direct and extensive financial services to Iranian missile-related firms designated pursuant to E.O. 13382. Bank Sepah is a key provider of financial services to SHIG and SBIG, two Iranian missile firms listed by the United Nations for their direct role in advancing Iran's ballistic missile programmes. Bank Sepah also provides financial services to SHIG's and SBIG's parent entity, AIO, which has been designated pursuant to E.O. 13382 for its role in overseeing all of Iran's missile industries. Since at least 2000, Bank Sepah has provided a variety of critical financial services to Iran's missile industry by arranging and processing dozens of multi-million dollar transactions for AIO and its subordinates. The bank has also facilitated business between AIO and the chief ballistic missile-related exporter of the Democratic People's Republic of Korea, KOMID, which has also been designated pursuant to E.O. 13382.

On 9 January 2007, the Treasury Department also designated Bank Sepah International, a wholly owned subsidiary of Bank Sepah located in London, and Bank Sepah's chairman and managing director, Ahmad Derakhshandeh, for acting or purporting to act for or on behalf of Bank Sepah.

Bank Melli

Bank Melli is Iran's largest bank and was designated by the Secretary of the Treasury on 25 October 2007 for acting on behalf of Bank Sepah, DIO and SHIG. Bank Melli provides banking services to entities involved in Iran's nuclear and ballistic missile programmes, including entities listed by the United Nations for their involvement in those programmes. This includes handling transactions in recent months for Bank Sepah, Defence Industries Organization and Shahid Hemmat Industrial Group. Following the designation of Bank Sepah under resolution 1747 (2007), Bank Melli took precautions not to identify Sepah in transactions. Through

its role as a financial conduit, Bank Melli has facilitated numerous purchases of sensitive materials for Iran's nuclear and missile programmes. In doing so, Bank Melli has provided a range of financial services on behalf of Iran's nuclear and missile industries, including opening letters of credit and maintaining accounts.

Bank Melli also provides banking services to the IRGC and the Qods Force. Entities owned or controlled by the IRGC or the Qods Force use Bank Melli for a variety of financial services. From 2002 to 2006, Bank Melli was used to send at least $100 million to the Qods Force. When handling financial transactions on behalf of the IRGC, Bank Melli has employed deceptive banking practices to obscure its involvement from the international banking system. For example, Bank Melli has requested that its name be removed from financial transactions. E Bank Melli Iran ZAO, Melli Bank PLC, Bank Kargoshaee and Arian Bank were also designated on 25 October 2007, for being owned or controlled by, or acting or purporting to act for or on behalf of, Bank Melli.

Democratic People's Republic of Korea

The United States has designated three organizations as primary proliferation entities in relation to the nuclear programme of the Democratic People's Republic of Korea: Korea Mining Development Trading Corporation (KOMID), Tanchon Commercial Bank and Korea Ryonbong General Corporation. All three were named by President Bush on 28 June 2005 in the Annex of E.O. 13382.

Korea Mining Development Trading Corporation

Korea Mining Development Trading Corporation (KOMID) was named by the President in the Annex to E.O. 13382. KOMID is Pyongyang's premier arms dealer and main exporter of goods and equipment related to ballistic missiles and conventional weapons. KOMID offices are located in multiple countries and its main goal is to find new customers and facilitate weapons sales. United States sanctions for trading in missile technology have been repeatedly applied to the KOMID organization in the past 10 years.

Tanchon Commercial Bank

Tanchon Commercial Bank was named by the President in the Annex to E.O. 13382. Tanchon, headquartered in Pyongyang, inherited the role of main North Korean financial agent for sales of conventional arms, ballistic missiles, and goods related to the assembly and manufacture of such weapons. Since the late 1980s, Tanchon's predecessor, Korea Changgwang Credit Bank Corporation, collected revenue from weapons-related sales that were concentrated in a handful of countries mainly located in the Middle East and Africa. These revenues provide the Democratic People's Republic of Korea with a significant portion of its export earnings and financially aid Pyongyang's own weapons development and arms-related purchases.

Korea Ryonbong General Corporation

The North Korean defence conglomerate Korea Ryonbong General Corporation was named by the President in the Annex to E.O. 13382. Ryonbong specializes in acquisition for North Korean defence industries and support to Pyongyang's military-related sales. It is identified in export control watch lists in

the United States and among United States allies. The Ryonbong trade group has been a focus of United States and allied efforts to stop the proliferation of controlled materials and weapons-related goods, particularly ballistic missiles.

The following entities and individuals were designated by the Secretary of the Treasury pursuant to E.O. 13382 section 1(a)(ii) or 1(a)(iii) for providing or attempting to provide financial, material, technological, or other support for, or for being owned or controlled by, or acting or purporting to act for or on behalf of KOMID and/or Ryonbong:

- KOMID's subsidiary company, Hesong Trading Company, was named for its support to KOMID, as was Tosong Technology Trading Corporation. Both were designated on 21 October 2005.
- Kohas AG and Jakob Steiger were designated for providing support to KOMID. Both were designated on 30 March 2006.
- Korea Ryonbong General Corporation, named in the Annex of E.O. 13382, is the parent company of Korea Complex Equipment Import Corporation, Korea International Chemical Joint Venture Company, Korea Kwangsong Trading Corporation, Korea Pugang Trading Corporation, Korea Ryongwang Trading Corporation, Korea Ryonha Machinery Joint Venture Corporation. All were designated on 21 October 2005.

Syrian Arab Republic

Scientific Studies and Research Center

Scientific Studies Research Center (SSRC) was named by the President in the Annex to E.O. 13382. SSRC is the Syrian Government agency responsible for developing and producing non-conventional weapons and the missiles to deliver them. SSRC also has a publicly known civilian research function; however, its activities focus substantively on the development of biological and chemical weapons.

Higher Institute of Applied Science and Technology

The Higher Institute of Applied Science and Technology (HIAST), a subordinate of SSRC, was designated for being owned or controlled by SSRC. HIAST is a Syrian educational institution that provides training to SSRC engineers. HIAST was designated by the Secretary of the Treasury on 4 January 2007.

Electronics Institute

Electronics Institute, a subordinate of SSRC, was designated for being owned or controlled by SSRC. Electronics Institute is responsible for missile-related research and development and was designated by the Secretary of the Treasury on 4 January 2007.

National Standards and Calibration Laboratory

The National Standards and Calibration Laboratory (NSCL), a subordinate of SSRC, was designated for being owned or controlled by SSRC. NSCL was designated by the Secretary of the Treasury on 4 January 2007.

3(d). Establish, develop, review and maintain appropriate effective national export and trans-shipment controls over such items, including appropriate laws and regulations to control export, transit, trans-shipment and re-export and controls on providing funds and services related to such export and trans-shipment such as financing, and transporting that would contribute to proliferation, as well as establishing end-user controls; and establishing and enforcing appropriate criminal or civil penalties for violations of such export control laws and regulations;

- Recent prosecutions for export violations concerning WMD technology include:

  Triggering devices to Pakistan. In 2003 an Israeli national working from South Africa, a Pakistani national in Pakistan and others conspired to obtain triggering devices for nuclear explosive devices from a United States company for an undisclosed Pakistani entity. The devices, known as triggered spark gaps, are dual-use items which are commonly used in lithotripters to dissolve kidney stone through the use of electronic signals. Fortunately, the conspiracy was discovered before fully completed and no operative devices were trans-shipped to Pakistan. Ultimately, the Israeli and Pakistani conspirators were indicted in the United States for violating United States export control laws. The Israeli national was arrested in the United States, convicted and sentenced to prison.

  Nuclear detonators to Pakistan. On 1 August 2006, the Department of Commerce's Bureau of Industry and Security issued a 10-year denial of export privileges against Asher Karni and related parties Pakland PME Corporation and Humayun Khan in connection with their exports of electrical equipment and components with nuclear weapons applications to Pakistan. On 4 August 2005, Karni, a South African businessman, was sentenced to three years' imprisonment as part of his guilty plea to conspiracy and export violations arising out of his unlawful exports to Pakistan and India of United States-origin goods controlled for nuclear non-proliferation reasons. On 8 April 2005, the United States Attorney for the District of Columbia announced that Khan, of Islamabad, had been indicted for conspiring to violate, and, on three occasions, violating United States export restrictions. Khan, operating through his company Pakland PME, is alleged to have arranged, through Karni, the purchase and export to Pakistan of United States-origin triggered spark gaps, which can be used as nuclear weapons detonators. Khan falsely indicated that the goods were intended for medical use. Khan is believed to be currently in Pakistan. The Office of Export Enforcement, the Federal Bureau of Investigation, and the Department of Homeland Security's Bureau of Immigration and Customs Enforcement (ICE) jointly conducted this investigation.

  Industrial Furnace to China. On 4 October 2006, William Kovacs, president of Elatec Technology Corporation, was sentenced to 12 months and one day in prison, three years supervised release, and 300 hours community service in connection with the export of an industrial furnace to a proliferation entity of concern in China. On 28 May 2004, Kovacs and Elatec pleaded guilty to charges that they conspired to violate United States export licensing requirements in connection with this export. Elatec's export licence application

for this transaction had previously been denied by the United States Bureau of Industry and Security (BIS) due to missile technology concerns. An associate, Stephen Midgley, separately pleaded guilty on 10 January 2005 to falsely stating in export documents that the furnace did not require an export licence when the goods were shipped to China. Midgley was sentenced to one year probation, 120 hours community service and a $1,500 criminal fine. BIS assessed Midgley a $5,000 ($4,000 suspended) administrative penalty as part of an agreement with Midgley to settle charges related to this unlicensed export. The Commerce Department's Office of Export Enforcement and ICE jointly conducted this investigation.

- Prosecutorial resources dedicated to the export control area:

Counter-intelligence successes

A major FBI counter-intelligence investigation conducted recently involved Lawrence Franklin, a former Iran desk officer in the Office of the Secretary of Defense at the Pentagon. Franklin, from Kearneysville, West Virginia, was sentenced on 20 January 2006, by United States District Judge T. S. Ellis III on three felony counts: conspiracy to communicate national defence information to persons not entitled to receive it; conspiracy to communicate classified information to an agent of a foreign Government; and the unlawful retention of national defence information. Franklin was sentenced to a total of 151 months in prison and ordered to pay a fine of $10,000.

On 23 March 2006, Howard Hsy, of Bellevue, Washington, was sentenced by United States District Judge Thomas S. Zilly to two years of probation and a $15,000 fine in the United States District Court in Seattle for conspiracy to violate the Arms Export Control Act. Hsy conspired with others to export night vision goggles and camera lenses to a contact in Taiwan. Exporting those items required a licence and written approval from the Department of State, which Hsy did not have. The military equipment was later shipped to the People's Republic of China. Hsy conspired with others in the Seattle area and Taiwan to purchase the military gear for export. The military equipment was primarily used by military pilots to fly and navigate at night. In October 2005, a Seattle-area co-conspirator, Donald Shull, pleaded guilty to conspiracy to violate the Export Administration Act and was sentenced in February 2006 to two years of probation and a $10,000 fine.

On 25 January 2006, the United States Southern District Court of Indiana convicted Shaaban Hafiz Ahmad Ali Shaaban of six counts: conspiracy; acting as a foreign agent without notification; one violation of the Iraqi sanctions under the International Emergency Economic Powers Act; unlawful procurement of an identification document; and unlawful procurement of naturalization. Shaaban never registered as an agent of Iraq, yet, in 2002 and 2003 when he lived in Indianapolis and Greenfield, Indiana, Shaaban committed the following acts:

- Travelled to Baghdad in late 2002 where he offered to sell names of United States intelligence agents and operatives to Iraq for $3 million.
- Sought to gain Iraqi support to establish an Arabic television station in the United States that would broadcast news and discussions that would be pro-Iraqi.

- Sought to enter into a "cooperation agreement" where he would be paid a fee by Iraq to organize volunteers to act as human shields to protect Iraqi infrastructure during the war.
- Broadcast messages of support for the Iraqi Government on Iraqi media stations that advocated support for Iraq and encouraged others to forcibly resist the United States and others who opposed Iraq.

Department of Energy controls on exports of nuclear technology and other transfers

In 2007, the Department of Energy reviewed 7,000 export licences/ applications for proliferation risks and recommended 227 for denial. The Department of Commerce administers dual-use export controls.

In fiscal year 2007 (1 October 2006-30 September 2007), the Department of Commerce processed 19,512 export licence applications worth approximately $52.6 billion. BIS approved 16,539 licence applications, denied 172 applications, returned 2,797 applications without action, and suspended/revoked 4 applications, with an average processing time of 28 days.

On 16 October 2007, President Bush signed into law the International Emergency Economic Powers (IEEPA) Enhancement Act, Public Law No. 110-96, amending IEEPA section 206. The Act enhances administrative and criminal penalties that can be imposed under IEEPA and also amends IEEPA to clarify that civil penalties may be assessed for certain unlawful acts. Violators can now be criminally fined up to $1,000,000 and/or up to 20 years in prison. Additionally, criminal liability is provided for anyone who "willfully conspires to commit, or aids or abets in the commission of" an unlawful act described in the statute. A civil penalty amounting to the greater of $250,000, or twice the value of the transaction that is the basis of the violation, may now be imposed for each civil violation of IEEPA.

Since 21 August 2001, the Export Administration Act has been in lapse, and the President has continued the Export Administration Regulations (15 C.F.R. Parts 730-774) in effect under the IEEPA. Consequently, the enhanced criminal and civil penalties implemented by virtue of the IEEPA Enhancement Act apply to violations of the Export Administration Regulations administered by the United States Department of Commerce.

"Catch-all" export controls

In March 2005, the scope of the United States catch-all controls on exports and re-exports that could contribute to chemical or biological weapons end-uses was expanded to apply worldwide, including to end-uses in countries that participate in the Australia Group. The Department of Commerce also revised the missile catch-all controls to remove the list of missile projects of concern previously included in the United States Export Administration Regulations, while at the same time expanding the licence requirements for missile-related end-users and end-uses to apply anywhere in the world — except to governmental programmes in NPT Nuclear Weapon States that are NATO member countries — for the delivery of nuclear weapons.

Restrictions on exports to specific end-users and end-uses

The United States Department of Commerce proposed in 2007 to expand the scope of reasons for which parties can be added to the Entity List maintained by the Department for the purpose of identifying specific foreign end-users that pose a proliferation concern. If implemented, BIS would have the authority to add to the Entity List entities that BIS has reasonable cause to believe, based on specific and articulable facts, have been, are, or pose a risk of being involved in activities that are contrary to the national security and foreign policy interests of the United States, or parties acting on behalf of those entities, such as supporting persons engaged in acts of terrorism.

6. Recognizes the utility in implementing this resolution of effective national control lists and calls upon all Member States, when necessary, to pursue at the earliest opportunity the development of such lists;

No additional update.

7. Recognizes that some States may require assistance in implementing the provisions of this resolution within their territories and invites States in a position to do so to offer assistance as appropriate in response to specific requests to the States lacking the legal and regulatory infrastructure, implementation experience, and/or resources for fulfilling the above provisions;

Training: financial crimes/money-laundering

Proliferation finance outreach

A large part of the work regarding resolution 1540 (2004) consists of outreach to countries to encourage compliance with the resolution and help those that may lack the capacity to reach full compliance. Work under the existing United States counter-proliferation finance framework through diplomatic approaches has prompted responsible financial institutions and some Governments around the world to take a closer look at their own operations, and to deny financial services to entities and individuals involved in proliferation. The increased publicity about their proliferation-related activities has served to educate financial institutions about the risk of doing business with entities of concern and the importance of “knowing their customers”. Our diplomacy is targeted at augmenting collaboration between Governments and private sectors and ensuring that the international commercial and financial system does not wittingly or unwittingly support proliferation networks.

The Proliferation Security Initiative (PSI) has been a valuable resource in our counter-proliferation finance efforts. While we do not see PSI as a means for developing multilateral policy on proliferation finance at this point, PSI is a useful forum to share information and further development of members’ capabilities to prevent proliferation.

United States agencies and offices participating in proliferation finance outreach include the Bureau of Customs and Border Protection of the Department of Homeland Security.

WMD materials security and control

The United States strongly supports expanding the geographic scope of the G-8 Global Partnership, which is a mechanism for providing concrete assistance to meet G-8 priority non-proliferation objectives under resolution 1540 (2004).

The Export Control and Related Border Security (EXBS) programme is a United States Government response to help other countries establish or enhance strategic trade control systems, including border control capabilities, in order to prevent the spread of weapons of mass destruction and radioactive material, as well as transfers of advanced conventional weapons. The EXBS programme also works to build capacity in countries to help them meet their strategic trade control obligations under Security Council resolutions 1540 (2004) (paras. 3 (c) and 3 (d)), 1718 (2006) (related to the Democratic People's Republic of Korea), and 1737 (2006) (Islamic Republic of Iran), among others. EXBS has obligated over $132 million since 2004 to provide a range of legal, licensing, and enforcement-related training and equipment. These training activities are in support of several national and global non-proliferation initiatives, including resolution 1540 (2004), and include the provision of equipment and infrastructure development assistance.

The EXBS programme has provided or plans to provide 1540-specific workshops in:

- Kenya (April 2007)
- United Republic of Tanzania (October 2007)
- Oman (February 2008)
- Chile (spring 2008)
- Central America (spring 2008)

The EXBS programme also has highlighted the importance of resolution 1540 (2004) in the multilateral conferences it has sponsored, including the 2005 Effective Elements of Export Controls for Asia Pacific Economic Cooperation Economies and the 2006 International Export Control Conference.

EXBS plans to fund an NGO-led initiative to conduct outreach to Member States for the purpose of assisting countries in submitting action plans to the 1540 Committee (to supplement outreach efforts by the 1540 Committee).

EXBS works in the following areas:

- Legal basis: building legal and regulatory authorities, in the control of exports and re-exports, transits and trans-shipments, brokering and intangible technology transfers.
- Licensing: building control lists, licensing procedures and practices, as well as teaching knowledge, skills, and abilities related to implementation. Under the Tracker automated licensing system, EXBS also provides IT infrastructure to foreign partners in support of their inter-agency licence review process.
- Enforcement: providing institutional support, training and equipment of inspectors, investigators, and prosecutors involved in strategic trade cases.

- Government outreach: building infrastructure and encouraging Governments to reach out to their industries in order to inform them of their need to comply with strategic trade control laws and regulations.

Since 2004, EXBS has funded:

- Over 600 training and equipment delivery activities via United States Government partners such as the Department of Homeland Security, Department of Energy, and contractors;
- 20+ resident EXBS advisers, and over 35+ Foreign Service Nationals in United States embassies;
- 7 international conferences on strategic trade control topics.

This equates to over $130 million in assistance (from fiscal year 2004 to fiscal year 2006), in more than 50 countries on six continents.

Major EXBS programme initiatives that support implementation of resolution 1540 (2004) include:

- Provision of the Vehicle and Cargo Inspection System non-intrusive cargo inspection systems in Latvia, Ukraine, and Malta;
- Provision of Z-Backscatter vans to Ukraine and Jordan;
- Provision of radiation portal monitors in Armenia and Kyrgyzstan;
- Upgrades for radiation portal monitors in Bulgaria, Lithuania, Malta and Cyprus.

The Office of Cooperative Threat Reduction supports implementation of resolution 1540 (2004) by providing assistance to address the threat posed by proliferation of nuclear, chemical, or biological weapons, and their means of delivery:

- The Bio-Chem Redirect Program (BCR) is a targeted initiative to redirect former Soviet chemical and biological weapons personnel into peaceful sustainable civilian work, with participation of United States experts from the Department of Health and Human Services, the Department of Agriculture, and the Department of Environmental Protection. BCR is one of the only United States Government efforts engaging and redirecting former chemical weapons personnel in the former Soviet Union.
- The Department of State's Biosecurity Engagement Program (BEP) was launched in fiscal year 2006 to reduce terrorist access to dual-use expertise and potentially dangerous pathogens, globally. With the rise of terrorism and terrorist efforts to obtain biological material, as well as highly infectious disease outbreaks and a rapidly expanding bioscience sector in South Asia, South East Asia and the Middle East, BEP has begun implementation across these regions.
- The Department of State's BioIndustry Initiative, authorized in fiscal year 2002 (PL 107-117) under the Defense and Emergency Appropriations Act, is dedicated to the targeted transformation of former Soviet large-scale biological production facilities and assisting and redirecting former weapons scientists, to

accelerate drug and vaccine development, particularly for public health diseases.

- The Department of State's Chemical Security Engagement Program (CSP) works with foreign Governments to identify and fill gaps in chemical security by promoting best practices in chemical security among chemical professionals. CSP has developed an international Chemical Safety and Security Task Force and is planning its first chemical safety and security trainings for February 2008 in the Philippines, which will involve chemical professionals from industry and academia.

- The Nuclear Smuggling Outreach Initiative (NSOI), coordinated by the Department of State, seeks to improve the ability of countries where the smuggling threat is greatest to prevent, detect, and respond to incidents of nuclear smuggling. It engages those countries to jointly determine gaps in existing capabilities and priority needs for improvement, negotiating with each country a joint action plan specifying agreed steps to address priority needs, as well as a list of assistance projects focused on those steps in the action plans that the partner nations cannot implement alone. NSOI then engages United States and international assistance providers to identify donors for each project identified and to coordinate among these donors to ensure that the full set of contributions is provided in a coherent manner. NSOI itself funds critical assistance projects where no other donor is available, and also encourages United States allies to expand their anti-nuclear smuggling assistance to priority countries. NSOI is currently seeking and coordinating nuclear smuggling assistance for Ukraine, Kazakhstan, Georgia, and the Kyrgyz Republic; it will shortly do the same for Tajikistan, and intends to engage about 20 additional high-threat countries in the future.

- The Department of State's Nuclear Trafficking Response Group (NTRG) can provide a range of assistance to help other Governments respond effectively to nuclear smuggling incidents. All national Governments have the sovereign authority to secure illicitly trafficked material, prosecute smugglers and investigate where smuggled material was diverted from legitimate control; assistance from the NTRG is focused on supporting such national efforts and supplementing their capabilities. For instance, the United States has procedures in place that would, at the request of a foreign Government, allow smuggled nuclear material to be analysed by a United States Department of Energy laboratory for the purpose of presentation as evidence in a trial. Likewise, if a Government identifies something that is believed to be a nuclear explosive device, the United States is prepared to provide expert advice on how to address this potential threat as well. In order to access these capabilities and expertise, Governments should contact their nearest United States embassy and request assistance from the Nuclear Trafficking Response Group.

- The Science Centers' programme activities, coordinated by the Department of State, include working with Russia, Ukraine, and other CIS States through the Moscow-based International Science and Technology Center, and the Kyiv-based Science and Technology Center of Ukraine. Both are multilateral non-proliferation organizations focused on redirecting former weapons of mass destruction scientists to peaceful activities.

Other activities

Non-proliferation and Disarmament Fund (NDF) projects in the WMD realm support 1540 goals. Two new projects reflect current United States 1540 initiatives:

- NDF Project No. 255, by which the NDF has transferred $1,562,000 to the World Health Organization to develop and deliver training materials in biosafety and pathogen security to WHO member countries.
- NDF Project No. 258, in which the NDF is transferring $200,000 to the IAEA to secure and remove United States-origin plutonium/beryllium sources and certain other radioactive material in selected Latin American countries.

The Department of Defense International Counterproliferation Program (ICP) partners with the Federal Bureau of Investigation, Department of Homeland Security, and other agencies, including the State Department, to expand and improve efforts to prevent, deter, and investigate incidents involving the movement and trafficking of nuclear, chemical, biological and related materials. The ICP Program's objectives are threefold: assist with the establishment of a professional cadre of border, Customs, and law enforcement personnel; enhance border, Customs, and law enforcement officials' abilities to detect, interdict, identify, investigate, and respond to the illicit trafficking of WMD and related materials; and establish long-term and mutually beneficial working relationships between United States Government agencies and the corresponding border, Customs, and law enforcement agencies of partner countries.

A recent example of ICP Program activity was the September 2007 Black Sea Regional Exercise, which brought together ICP Program partners Bulgaria, Romania, Moldova, and Georgia in a practical exercise to apply WMD detection, investigation, and response skills and capabilities in response to a real-world WMD contingency.

The Department of Energy's Office of Global Security Engagement and Cooperation (GSEC), in coordination with and funding from EXBS, trains strategic trade specialists in risk assessment and WMD-related commodity identification (paras. 3 (c) and 3 (d) of resolution 1540 (2004)), and has helped the United States Government sponsor regional 1540-related workshops in the former Soviet States, the ASEAN States, and the Middle East.

As part of overall United States Government-coordinated bilateral assistance efforts, the Department of Energy self-funds border systems analysis and technical capacity-building. The Department of Energy is also working on cross-border cooperation activities for South Asia and the Middle East. GSEC implements technologies in collaboration with foreign partners and IAEA to deter theft and/or diversion of nuclear material (para. 3 (a) of resolution 1540 (2004)). The GSEC Office also promotes non-proliferation best practices in countries that are developing credible plans for civilian nuclear energy and assists them in preparing their nuclear technology infrastructures to accommodate the civil expansion of nuclear energy.

The Department of Energy works with other nations to secure civil nuclear and radiological materials as well as to secure Russian nuclear weapons material. The Department has helped convert 51 reactors in 29 countries from highly enriched uranium to low enriched uranium and has helped shut down 4 additional reactors.

1,140 kilograms of United States-origin highly enriched uranium has been repatriated back to the use from various countries. 600 vulnerable radiological sources overseas and 15,500 in the United States have been recovered. The Department of Energy is working with the Russian Federation to upgrade physical security at agreed-to nuclear facilities.

The United States also sponsors the International Law Enforcement Academies (ILEAs) in Botswana, Hungary, Thailand and an advanced academy in Roswell, New Mexico, USA. The Department of State is currently exploring a venue for a potential ILEA in Latin America. Senior representatives from the Departments of State, Treasury, Justice and Homeland Security comprise the ILEA Policy Board, which performs monitoring activities and provides overall guidance and oversight of the training programme to ensure that it is consistent with foreign policy and law enforcement goals. An Inter-agency Steering Group provides operational guidance. Participating agencies include DOS, ATF, DOJ, INS, FBI, DEA, ICE, CBP, the Internal Revenue Service's Criminal Investigation office, DHS's Federal Law Enforcement Center, DOS-Diplomatic Security Services and others. The Department of State maintains a website for ILEA relative to their Academies: http://www.state.gov/g/inl/ilea/.

Since 2004, the United States has proposed and the Missile Technology Control Regime (MTCR) has adopted the addition of MTCR Annex controls in areas relating to ball bearings and propellant tanks for rocket engines, thermal batteries, and several ballistic missile propellant components to help the Regime keep pace with technology developments and proliferation procurement trends.

United Nations outreach workshops

The United States has promoted cooperation through sponsorship and/or participation in several 1540 outreach workshops conducted by the United Nations. The United States gave presentations on 1540 implementation and assistance opportunities at the 1540 workshops organized by the Office of Disarmament Affairs of the United Nations Secretariat, which were held in Beijing on 12 and 13 July 2006; Accra on 9 and 10 November 2006; Lima on 27 and 28 November 2006; Kingston on 29 and 30 May 2007; Amman on 4 and 5 September 2007; and Gaborone on 27 and 28 November 2007.

NATO

In June 2007, the United States provided an in-depth briefing on the status and the way forward on 1540 implementation to NATO's Senior Group on Proliferation. This presentation was in response to the 1540 Committee's presentation at the NATO WMD Seminar in Vilnius and to support the NATO Ministerial declaration regarding resolution 1540 (2004).

United States-ASEAN Enhanced Partnership

The United States has worked to include coordination on the implementation of resolution 1540 (2004) in its Partnership with the Association of Southeast Asian Nations (ASEAN). The workplan for the Enhanced Partnership calls for the United States and ASEAN to forge closer cooperation on the issue of non-proliferation of weapons of mass destruction within the framework of national legislation and international laws, agreements and protocols, including cooperation among law

enforcement agencies and to strengthen commitment towards combating illicit production, usage and trafficking of WMDs, their means of delivery and related programmes. Our follow-through included participation in the ASEAN Workshop on resolution 1540 (2004) on 28 and 29 May 2007, hosted by the French Institute of International and Strategic Relations and the Indonesian Center for Strategic and International Studies, in collaboration with the French Ministry of Foreign Affairs and the Directorate for Strategic Affairs (Délégation aux affaires stratégiques) of the French Ministry of Defence.

APEC

The United States has promoted cooperation among the economies participating in the Asia-Pacific Economic Cooperation (APEC) in support of the goals of the resolution. In 2003, the APEC economies first identified the threat that the proliferation of weapons of mass destruction poses to APEC's vision of free, open, and prosperous economies. At the 2003 Summit, APEC leaders committed to "take all essential actions" to "eliminate the severe and growing danger posed by the proliferation of weapons of mass destruction and their means of delivery by strengthening international non-proliferation regimes, adopting and enforcing effective export controls, and taking other legitimate and appropriate measures against proliferation".

Building on this commitment, APEC Ministers in 2004 identified key elements of effective export control systems, and committed to continue work in APEC to unite economies and the private sector to facilitate the flow of goods to legitimate end-users while preventing illicit trafficking in weapons of mass destruction, their delivery systems, and related items.

In 2005, APEC Ministers announced the agreement of relevant APEC economies to aim at implementing the International Atomic Energy Agency Code of Conduct on the Safety and Security of Radioactive Sources as well as the Guidance on the Import and Export of Radioactive Sources by the end of 2006.

In 2006, APEC Leaders and Ministers recalled the 2003 commitments to eliminate the threat of proliferation, and "acknowledged the need to take appropriate individual and joint actions, consistent with each economy's circumstances, to further those commitments, including the need to protect legitimate financial and commercial systems from abuse".

In 2007, APEC Leaders and Ministers once again reaffirmed their commitment to dismantle terrorist groups, eliminate the danger posed by the proliferation of weapons of mass destruction, and to protect economic and financial systems from abuse.

Central Asian outreach

The United States participated in a two-day consultative workshop, which the Center for Nonproliferation Studies (CNS) at the Monterey Institute of International Studies organized in October 2006 to consider ways in which States from within and outside Central Asia and the Caucasus, as well as relevant international organizations, could cooperate in the implementation of resolution 1540 (2004) in the region. The Government of Kazakhstan co-sponsored the workshop with the support of the Norwegian Ministry of Foreign Affairs, Swedish Nuclear Power

Inspectorate, and MacArthur Foundation. United States participation included presentations on relevant assistance programmes.

On 16 and 17 October 2007, the Ministry of Foreign Affairs of the Kyrgyz Republic conducted a workshop in Bishkek on the implementation of resolution 1540 (2004) in the Kyrgyz Republic with participation by other Central Asian States. The workshop was a result of recommendations adopted by the regional seminar conducted by CNS in Almaty, Kazakhstan, in October 2006. The main objectives of the Bishkek workshop were: (1) to increase the awareness of relevant Kyrgyz government agencies and experts of 1540 issues, particularly implementation requirements; (2) to assist in the identification of country-specific needs to fully implement the requirements of resolution 1540 (2004), as well as strategies, mechanisms, and activities to address them; and (3) to facilitate cooperative assistance projects to address the needs.

8. Calls upon all States:

8(a). To promote the universal adoption and full implementation, and, where necessary, strengthening of multilateral treaties to which they are parties, whose aim is to prevent the proliferation of nuclear, biological or chemical weapons;

Non-proliferation and arms control treaties

Chemical Weapons Convention

The United States is a party to the Chemical Weapons Convention (CWC), which entered into force on 29 April 1997. The United States strongly supports universal adherence to and full implementation of the Chemical Weapons Convention. The United States was instrumental in the development of the CWC National Implementation and Universality Action Plans that were approved and adopted by the Organization for the Prohibition of Chemical Weapons' (OPCW) top policymaking bodies and are currently being implemented by member states. The United States has strong outreach programmes on universality and national implementation and provides information and assistance to States on joining and implementing the Convention. The United States has approached 98 States parties to urge adoption of measures to implement fully the Convention and urged States not parties to join the Convention. Since 2004, Antigua and Barbuda, Barbados, Montenegro, Niue, Solomon Islands, Tuvalu and Vanuatu have joined the CWC. The United States is encouraging the Bahamas, the Dominican Republic, Iraq and Lebanon to join the CWC.

The United States continues to be focused on States parties to the CWC that have declarable civilian chemical production facilities, but do not yet have implementing legislation. Over the next two years, the United States will urge these States to implement the CWC and provide assistance drafting implementing legislation. The United States also continues to support the OPCW Technical Secretariat's efforts to promote CWC universality and national implementation by sending representatives to OPCW-sponsored regional workshops on national implementation. The United States has also funded the translation of the CWC text into Azeri and Tajik.

Biological Weapons Convention

See below.

Treaty on the Non-Proliferation of Nuclear Weapons

The United States has been a party to the Non-Proliferation Treaty since 1970. The Treaty's article III.1 requires that all non-nuclear-weapon States parties accept International Atomic Energy Agency safeguards on all of their nuclear activities. The state systems of accounting and control necessary for such safeguards are an important element in securing nuclear material in these States. In addition, article III.2 requires that parties to the Treaty not provide nuclear material or specialized nuclear equipment to a non-nuclear-weapon State unless the supplied or produced material is subject to safeguards. The Non-Proliferation Treaty Exporters, or Zangger Committee, on which the United States is an active member, coordinates implementation of this provision by Treaty parties.

Convention on the Physical Protection of Nuclear Materials

The Amendment, agreed in Vienna on 8 July 2005, contains specific provisions to effect a coordinated international response to combating and preventing nuclear terrorism and ensuring global security. It will require each State party to the Amendment to establish, implement, and maintain an appropriate physical protection regime applicable to nuclear material and nuclear facilities used for peaceful purposes. The aims of the regime are to protect such material against theft or other unlawful taking, to locate and rapidly recover missing or stolen material, to protect such material and facilities against sabotage, and to mitigate or minimize the radiological consequences of sabotage. The Amendment also provides a framework for cooperation among States parties directed at preventing nuclear terrorism and ensuring punishment of offenders; contains provisions for protecting sensitive physical protection information; and adds new criminal offences that each State party must make punishable by law. States parties must also either submit for prosecution or extradite any person within their jurisdictions alleged to have committed one of the offences defined in the Convention, as amended. The President transmitted the Amendment to the Senate on 4 September 2007 for its advice and consent.

International Conventions and Protocols related to terrorism

The United States has taken steps to become a party to the International Convention for the Suppression of Acts of Nuclear Terrorism, the 2005 Amendment to the Convention on the Physical Protection of Nuclear Material and the Protocol of 2005 to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation and the Protocol of 2005 to the 1988 Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf ("2005 SUA Protocols"). The President transmitted the Nuclear Terrorism Convention to the United States Senate on 12 July 2007 for its advice and consent to ratification. The United States transmitted the 2005 SUA Protocols to the United States Senate on 1 October 2007 for its advice and consent to ratification. Draft implementing legislation also was transmitted to the United States Congress in 2007.

8(b). To adopt national rules and regulations, where it has not yet been done, to ensure compliance with their commitments under the key multilateral non-proliferation treaties.

On 31 October 2007, the Senate Foreign Relations Committee voted in favour of the Senate giving its advice and consent to United States accession to the United Nations Convention on the Law of the Sea.

8(c). To renew and fulfil their commitment to multilateral cooperation, in particular within the framework of the International Atomic Energy Agency, the Organization for the Prohibition of Chemical Weapons and the Biological and Toxin Weapons Convention, as important means of pursuing and achieving their common objectives in the area of non-proliferation and of promoting international cooperation for peaceful purposes;

Organization for the Prohibition of Chemical Weapons

See above.

Biological and Toxin Weapons Convention

As a State Party to the Biological Weapons Convention (BWC), the United States was actively involved in the 2003-2005 agreed work programme of BWC States parties. The United States supported the work programme adopted at the Sixth Review Conference of BWC States parties. The BWC work programme is bringing experts together to review and promote national actions on critical issues such as national implementation measures, disease surveillance, response, and mitigation, investigation of suspicious outbreaks, or alleged use, pathogen security and codes of conduct for scientists. The United States attends and actively participates in the annual experts meetings and meetings of BWC States parties.

International Atomic Energy Agency

The United States successfully led international efforts to increase the IAEA's regular budget for safeguards. In addition, the United States has for many years provided about $50 million a year in voluntary cash and in-kind assistance to the IAEA. Over $4 million of this is for the IAEA's Nuclear Security Fund, which helps States strengthen their nuclear security to combat the risk of nuclear terrorism.

The United States strongly supported creation of common international guidelines governing exports and imports of high-risk radioactive materials to prevent their diversion and use in radiological dispersion devices. Following the approval of the IAEA Code of Conduct on the Safety and Security of Radioactive Sources in 2003, the United States played a key role in multilateral efforts to develop a corresponding guidance document for export and import activities involving high-risk radioactive material. In 2005, the IAEA issued the follow-on import/export guidance to the Code of Conduct, known as the Guidance on the Import and Export of Radioactive Sources, which can be found at http://www-pub.iaea.org/MTCD/publications/ PDF/Imp-Exp_web.pdf. The import/export Guidance represents the first international export control framework for radioactive sources, and is a significant step forward in preventing the diversion of materials potentially usable in a radiological dispersal device. In December 2005, the United States put into place import/export regulations to carry out the provisions of the

Guidance and continues to urge other countries through bilateral and multilateral forums to also implement export controls consistent with the Guidance. To date, 45 countries have made a political commitment to follow the Guidance, and Leaders of the G-8 have expressed support for such export controls in the Evian, Sea Island, and Gleneagles Summits.

Updating Australia Group control lists

The United States has proposed, and the Australia Group adopted, the addition of a new toxin and two fungi to the Australia Group Control List as well as new controls on related equipment to make the development of WMD more difficult for both State and non-State proliferators. The United States has also championed the addition of "catch-all" controls within the Australia Group and other export control regimes to limit the ability of all proliferators to easily gain access to any commodity, controlled or not, or any relevant service or contract and thus deny aid to proliferators in any way, shape, or form.

8(d). To develop appropriate ways to work with and inform industry and the public regarding their obligations under such laws;

The Protected Critical Infrastructure Information (PCII) Program, part of the Department of Homeland Security's National Protection and Programs Directorate, is designed to encourage private industry to share its sensitive security-related business information with the Federal Government.

PCII is an information-protection tool that facilitates information-sharing between the government and the private sector. DHS and other Federal, State and local analysts use PCII to pursue greater security for the United States, focusing primarily on:

- Analysing and securing critical infrastructure and protected systems,
- Identifying vulnerabilities and developing risk assessments, and
- Enhancing recovery preparedness measures.

Data and information related to critical infrastructure, often privately held, may be sensitive or proprietary. The DHS Protected Critical Infrastructure Information Program implements the Critical Infrastructure Information Act of 2002. This law provides protections for such data or information submitted to local, state or federal government agencies to enhance information-sharing. Under the PCII Program, critical infrastructure data and information submitted to the Government may be protected from public disclosure.

Business Alliance

The FBI is building executive-level relationships between high-tech, cutting edge technology companies and the FBI. The purpose of this Business Alliance is to make those companies the nation's "first line of counter-intelligence defense" against the foreign intelligence threat. The FBI is raising the awareness of Corporate America about the covert interests of foreign intelligence services in their proprietary information and intellectual property, as well as the methodologies hostile services are currently using to gain access. The Business Alliance also fosters counter-intelligence information-sharing between the FBI and industry.

Academic Alliance

On 15 September 2003, the creation of a National Security Higher Education Advisory Board was announced. The Board consists of the presidents and chancellors of several prominent United States universities and is designed to foster outreach and promote understanding between higher education and the FBI. The Board provides advice on the culture of higher education, including the traditions of openness, academic freedom and international collaboration, along with seeking to establish lines of communication on national priorities pertaining to terrorism, counter-intelligence, and homeland security. The Board also assists in the development of research, degree programmes, course work, internships, opportunities for graduates, and consulting opportunities for faculty relating to national security.

Department of Commerce Outreach to Dual-Use Exporters

- In addition to the six Technical Advisory Committees covering information systems, materials, material processing equipment, regulations and procedures, sensors and instrumentation, and transportation and related equipment, in September 2006, the Department of Commerce Secretary formed the Deemed Exports Advisory Committee. The Committee conducted a one-year review of existing deemed export licensing policy and will publish its findings soon.
- In May 2007, in addition to its existing outreach programmes, BIS began hosting online training courses in order to reach a larger audience. Archived programmes remain posted on BIS's website for future viewing.

9. Calls upon all States to promote dialogue and cooperation on non-proliferation so as to address the threat posed by proliferation of nuclear, chemical, or biological weapons, and their means of delivery.

As outlined in section one, the United States has been actively involved in resolution 1540 (2004) outreach to other Member States both on a bilateral basis and in the context of existing regional or subregional organizations. Organizations the United States continues to work to promote dialogue on threats posed by proliferation of nuclear, chemical, or biological weapons, and their means of delivery include: the Organization for Security and Cooperation in Europe, the Association of Southeast Asian Nations Regional Forum, the United States-ASEAN Enhanced Partnership, the Organization of American States, the North Atlantic Treaty Organization, the Asia-Pacific Economic Cooperation, as well as with United Nations itself, and the United States looks to expand its cooperation with these and other regional and subregional organizations. For more information on these efforts please refer back to section one.

Additionally, in July 2006, President Bush and President Putin of the Russian Federation jointly announced the Global Initiative to Combat Nuclear Terrorism (Global Initiative). The Global Initiative was created to better enable partner nations to develop partnership capacity to combat the threat of nuclear terrorism. Global Initiative partner nations have developed a Statement of Principles (a list of eight end-state objectives related to preventing an act of nuclear terrorism) to guide their work and a Plan of Work containing specific activities to fulfil the goals of the Statement of Principles. As of 11 December 2007, 64 countries are Global Initiative partner nations.

10. Further to counter that threat, calls upon all States, in accordance with their national legal authorities and legislation and consistent with international laws, to take cooperative action to prevent illicit trafficking in nuclear, chemical or biological weapons, their means of delivery, and related materials.

United States efforts to take cooperative action to prevent the illicit trafficking in nuclear, chemical, or biological weapons, their means of delivery, and related materials are supplemented by the Proliferation Security Initiative (PSI). President Bush announced the PSI on 31 May 2003. The PSI is a multinational counter-proliferation effort aimed at interdiction of illicit shipments of weapons of mass destruction, their delivery systems, and related materials flowing to or from States or non-State actors of proliferation concern. On 4 September 2003, PSI partners agreed on and published the PSI "Statement of Interdiction Principles", which identifies steps necessary for effective interdiction efforts. Since the PSI was announced, the United States has cooperated with other countries to prevent illicit trafficking in nuclear, chemical, and biological weapons, their delivery systems, and related materials by sea, in the air, and on land. These efforts have resulted in a number of successful interdictions, including of the *BBC China*, a ship that was carrying a large quantity of gas centrifuge equipment to the Libyan Arab Jamahiriya.

As of December 2007, 86 States have endorsed the PSI Statement of Interdiction Principles. The United States has encouraged other States to endorse the Statement and to review their national capabilities and authorities to assist in interdicting proliferation-related trade. The United States and many other nations participate in PSI training exercises through which States enhance their operational capabilities, raise their awareness of steps that are necessary for successful interdiction, and establish better communications and closer relationships for effective interdiction partnerships. The United States and our PSI partners are working to apply lessons learned and adapt to the challenges of the current proliferation environment.

The United States is negotiating bilateral maritime agreements with key flag States in support of PSI, which facilitate requests to board and inspect vessels suspected of carrying cargo of proliferation concern. To date, eight such agreements have been negotiated and signed with Liberia, Panama, the Marshall Islands, Belize, Croatia, Malta, Cyprus, and Mongolia.