

Global Transshipment Control Enforcement Conference

Sydney, Australia

July 15-18, 2003

Co-Chairs' Summary of Best Practices

Participants in the Global Transshipment Control Enforcement Conference held in Sydney. 15-18 July. 2003 examined current and potential best practices for securing effective controls on transit, transshipment, and re-export of WMD-related items, technologies and delivery systems in four areas: legislative and regulatory frameworks; inspections and investigations; detection technologies; and outreach.

The following list of best practices draws on discussion during the Sydney Transshipment Conference and supplements the "Best Practices for Effective Export, Re-export, Transit and Transshipment Controls" generated at the Transshipment Enforcement Conference held November 15-17, 2000 in San Diego, California.

Participants in the Sydney Transshipment Conference anticipated that in future seminars they would report on their governments' progress towards implementation of these practices, as well as identify new best practices.

Legislative and Regulatory Frameworks

Governments should have up-to-date lists of products and technologies of concern consistent with established international nonproliferation norms. These lists should cover both tangible and intangible technologies and may usefully draw on existing lists of various nonproliferation arrangements.

Transshipment trade controls should also permit the regulation of shipments of unlisted items of potential concern, when governing authorities have reason to believe the shipment will go to terrorists or a program of proliferation concern (i.e. "catch-all" controls). Controls on transshipment services, including financial services and brokering, can also complement more traditional controls on listed items.

Governments should have policies that enhance the knowledge of and support for controls on transshipment trade among its own

agencies, trade facilitators, and the public. Governments should, for example, improve systems to integrate existing private sector data on transshipment trade, increase outreach regarding end-users of concern, and encourage industry to develop effective internal compliance practices for transshipment trade controls.

Effective transshipment trade controls should foster the capacity of authorities transshipment hubs to obtain adequate information from exporters and their governing authorities to assess the legitimacy and control conditions of the shipment.

Inspections and Investigations

1. Governments should take assertive steps to increase the focus of designated enforcement agencies on transshipment trade controls for reasons of nonproliferation and anti-terrorism, which is a newer concern relative to the traditional emphasis on dutiable or prohibited imports. This should include training on enforcing transshipment controls on intangibles and services.
2. Enforcement agencies should use risk management and targeting strategies to their resources most effectively against suspect shipments and to minimize impediments to legitimate commerce. In many cases, agencies can build on existing targeting and enforcement strategies used for other types of illicit transactions, such as narcotics smuggling or duty evasion.
3. Enforcement agencies should use both intelligence and trade information analysis to drive targeting. Enforcement agencies should continually evaluate their targeting strategies and develop a standard method to document examinations and results. They should also use random inspections to provide a quality control fo their targeting strategies.
4. Enforcement agencies should develop minimum reporting requirements for exporters and traders and need to maintain lists of suspect parties to implement effective controls on transshipment trade.
5. Enforcement officers need access to accurate, authoritative, clear, and timely technical assistance in establishing whether specific shipments involve controlled items or transactions. This should entail cooperation with

licensing authorities and sources of additional technical expertise.

6. Governments should seek to develop global standards on controlling and enforcing transshipment trade to acknowledge the low risk posed by more secure transshipment hubs.
7. Licensing and enforcement authorities should use both formal and informal means to exchange information regarding approvals and denials for transshipments. They may also exchange useful information on product classification to trusted neighboring or other transshipment hub authorities to assist in their targeting strategies.

Detection Technologies

1. Technology does not substitute for, but rather supplements, the knowledge and skills of trained, professional enforcement officers. Government and industry should develop technological solutions proportional to their needs for implementing effective transshipment trade controls. The technologies adopted should be appropriate to the operational environment and meet quality standards.
2. Technological solutions must be sensitive to budgetary considerations related to the purchase, use, service support, maintenance, and upgrades of detection equipment.
3. Enforcement agencies should share with counterparts their experiences with the use of equipment to aid the development of additional best practices.
4. Increased training and awareness regarding the types of controlled items, and the reason for their control, must accompany training in the use of new detection technologies. Procedures and operations must be revised as these technologies are introduced. Targeting strategies should make optimal use of new detection technologies.
5. Public and private enforcement agencies need to pay special attention to safety developing technological solutions, both in using the technology and in inspect potentially hazardous shipments.

Outreach

1. Governments should maintain substantial transparency regarding controls on transshipment trade. To this end, governments should use multiple channels and strategies to exchange information with the private sector regarding transshipment trade controls.
2. Governments should develop systematic, responsive, and well-documented outreach strategies. Governments should also put into place formal procedures for the exchange of information and coordination between relevant government agencies.
3. Effective outreach on transshipment trade controls should include explanation of the legal basis for the controls, the terms and principles of the regulations, the means (using the regulations for compliance, tips for identifying suspect sales, and penalties for non-compliance, among other elements).