

## The importance of Industry compliance to Ensure Nuclear Security and Growth in the Changing Times

Strategic Trade Control (STC) is one of the very strong pillar of Nuclear Security. Robust STC is an effective way to serve either as a deterrent and/or detection and delay the efforts of the proliferators to acquire WMD items or related technologies. An effective nuclear security must be a combined effort to balance the initiatives taken at international and state level [1-6]. There are multilateral controls regimes; NSG, WA, AG and MTCR whose main aim is to promote the non-proliferation and implement effective control mechanisms to ensure that legitimate trade in the strategic goods, dual-use goods, services and technology continues to grow, but to control the illegitimate trade to eliminate any possibility of such items falling in the hands of terrorist and other non-state actors with malicious intentions. The purpose of STC is not to deny the transfer of every conventional or nuclear weapon-related commodity or technology, but to ascertain that the ultimate end use is not for non-peaceful purposes. The two very important pillars for an effective STC is International Initiatives and State Regulation. An industrial compliance system (ICS) is a new concept which is now being introduced to improve the efficiency of export control licensing [7]. ICS is a system of checks and control within the company in order to ensure compliance with national regulations and policies and states may be encouraged for taking up for implementation of the same. The present paper highlights how an Industrial Compliance System (ICS) can be developed with combined effort of government and Industry.

For developing ICS in any state, government and Industry have distinct responsibilities for mutual reinforcing each other:

- i) The Role of the government is to in develop policies and mechanisms to regulate and control trade with deterrence to proliferation efforts;
- ii) The role of the Industry is to develop internal compliance systems to ensure strict adherence to governments' policy and regulation;
- iii) The need for Industry and governments to understand their responsibilities and work together with mutual coordination.

Development of ICS by Industry:

Robust STC in any state depends on the Industry awareness of their role to mitigate risks and enhance nuclear security. Effective STC is evolved on an interlocking set of national and international legislation, regulations, and agreements. The state legislations provide the basis to have a transparent and standardized national licensing system and to maintain competent technical evaluation of proposed transfers of nuclear-related materials, equipment, and technologies.

Government should undertake outreach activities to industry to spread awareness about regulations and risk associated with the trade of nuclear related commodities. This help the Industry to develop the ICS. An effective ICS of an industry should ensure regulations as enacted by the government including export policies, control list and licensing procedure. The ICS of any industry should have standardized procedures to check credentials of the end user with whom they are doing business, stated end use, chain of transmission of items from foreign buyers, consignee to the ultimate end user, mode of financial transactions, capabilities of the recipient party, previous record of business with the end user etc. An industry is also responsible for training all its staff involved in trade of strategic items or technologies and must keep a complete documentation of all the trade related matters. An ICS prevent these Industry of doing business with unauthorized/shell companies which may prove to be a threat to global nuclear security.

The technical evaluations of export applications take into account the credibility of the end user and end use, assessed risk of diversion to rouge elements, capabilities of the recipient state, nuclear security measures instituted by the recipient state, applicability of the multilateral control regimes and other international obligations/agreements in the recipient state. The technical evaluation become very effective if industry has done the ground work as per the ICS.

The government should make efforts to publish documents for procedures containing information for export/import licensing and is easily accessible to the industry. In addition, efforts should be made to make hassle free communication between them and Industries regarding clarification or queries on any trade of nuclear related commodities and technology. When any legislation is introduced or amended in relation to STC, views from related industry associations should be taken into account. A close network between Government and Industry and understanding each other's objective is a way to strengthen nuclear security. All these measures facilitate industries to develop mechanisms and follow 'best practices' for trade of nuclear related commodities.

References:

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3. INFCIRC/225/Rev.5: IAEA Recommendations.
4. United Nations Security Council resolution 1373.
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7. PNNL-SA-107041, US Department of Energy under contract DE-AC05-76RL01830.

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