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Enhancement by Enlargement

The Proliferation Security Initiative

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Summary

The Proliferation Security Initiative (PSI), begun in 2003, was conceived as an *activity* rather than an organization, the intention being to focus on collective action while avoiding the bureaucratic impediments that organizations often entail. PSI's purpose is to prevent or at least inhibit the spread of weapons of mass destruction (WMD), their delivery systems, and related materials to or from states or non-state actors whose possession of such items would be a serious threat to global or regional security. An Operational Experts Group (OEG) of 20 countries leads the initiative's operations, planning and implementing the exercises and other multilateral efforts designed to further PSI's purpose. Ninety-one countries, including the OEG members, make up this group of widely multilateral participants, all of which have endorsed PSI's purpose and principles.

This RAND project for the Office of the Secretary of Defense's Policy Office had two objectives. The first was to assess the advantages and disadvantages, or benefits and costs, that, when balanced against each other, have induced five key countries not to affiliate with PSI publicly, and to ascertain whether (and, if so, how) this balance might be altered to enhance the prospects for their affiliation in the near future. Implicit in this objective is the premise that PSI's effectiveness will be enhanced by enlarging the number of participants.

The project's second objective was to develop a syllabus of training materials, partly by drawing on work done in connection with the first objective. The syllabus is intended to help U.S. Geographic Combat Commands mitigate problems arising from normal staff turnover and

insufficient institutional memory, and thereby to improve the commands' ability to provide operational support for the numerous multilateral exercises constituting the core of PSI's peacetime activities.

We address the first objective in this report; the second will be addressed in a separate document that also provides additional details about PSI and about relevant treaties, agreements, and programs discussed in this report.

The five countries of interest—Indonesia, Malaysia, Pakistan, India, and China—share an implicit calculus that the costs (disadvantages) associated with PSI affiliation exceed, or at least equal, the benefits (advantages). We identify specific issues within these countries' assessments for which the benefits ascribed to PSI may have been underestimated and/or the costs ascribed to PSI may have been overestimated. We then suggest how these under- and overestimates might be changed in ways that would lead these countries to reconsider their decision not to affiliate with PSI. Of course, if these countries see their estimates as correct and not subject to reconsideration, it follows that their nonaffiliated PSI status will remain unchanged.

The Five Countries

We begin by dividing the five countries into three groups: Indonesia and Malaysia; Pakistan and India; and China. These groupings reflect the conjecture that the probability of one member in a two-member group (the group of one does not play in this conjecture) changing its stance of nonaffiliation with PSI is likely to be affected by whether the other member of that group alters its stance. However, these groupings preclude neither the possibility of interactions between countries in the different groups, nor the possibility of significant interactions with countries other than these five. Indeed, interactions between Saudi Arabia, which endorsed PSI in May 2008, and India and Pakistan remain relevant to India's and Pakistan's assessments of whether to endorse PSI.

In analyzing the five countries' decisions, we have attempted to adopt their separate perspectives and sensitivities in order to better

understand why or how each may have overestimated the disadvantages and/or underestimated the advantages of PSI affiliation. For example, to the extent that China views PSI as a U.S.-dominated activity and continues seeking to strengthen the Shanghai Cooperation Organization as a counterweight to the United States in Asia, China may conclude that nonaffiliation is the preferable stance.

In considering the first group, Indonesia and Malaysia, we begin by describing their interdependencies and shared interests. We then turn to three salient issues and concerns they both have that have so far led them to refrain from formal PSI affiliation: sovereignty, law of the sea, and independent foreign policy.

The two members of the second group, Pakistan and India, are current nuclear powers that, in certain circumstances, might have reasons and resources that would dispose them to assist Saudi Arabia if it sought to acquire a nuclear capability of its own (perhaps in response to such an acquisition by Iran). One of the several intricate interactions among the three is that the nexus between the possible interest in future acquisition by the Saudis and the possible sources of future supply represented by Pakistan or India might influence Pakistan and India to avoid or at least defer PSI affiliation. However, in the case of India, internal political circumstances are currently much more formidable obstacles to joining PSI.

We chose to treat China separately for several reasons. In addition to being a nuclear weapon state, it is the second or third largest economy in the world, the fourth or fifth largest global trading country, and the third or fourth largest global weapons exporter. Moreover, it has a mixture of political, economic, and security interests and transactions with North Korea and Iran, the two major current and prospective sources of “proliferation concern” in the world. The mixture and complexity of interests at stake for China include a prevalent belief among its leadership that blandness and “carrots” rather than coercion and “sticks” enhance its ability to influence North Korea, and that affiliation with PSI would, by appearing threatening to North Korea, compromise this ability.

China’s inclination toward Iran is similar—it seeks to temporize rather than pressure. China’s estimate of the consequences of PSI affli-

ation may also be influenced by reluctance to jeopardize its substantial and growing trade and investment transactions with Iran.

The Five Principles

After a broad assessment of the general and specific benefits that countries typically associate with PSI affiliation, we address the key policy question of this research: What measures, policies, and approaches can the United States and other PSI participants invoke that are likely to induce each of the five countries to lower its estimates of PSI-affiliation costs (disadvantages) and/or raise its estimates of PSI-affiliation benefits (advantages) such that it arrives at a positive (rather than negative or neutral) bottom-line estimate?

To assist us in answering this question, we set out five general principles to use as guides in seeking remedial policies conducive to PSI affiliation by the five countries. Each principle applies to at least one of the five countries; several apply jointly to more than one country. These principles are as follow:

1. Exercising U.S. leadership by ceding it to other PSI participants
2. Interpreting and applying “innocent passage” consistent with each state’s own national legal authorizations and its obligations under international law
3. Affirming the validity of “territorial waters” and emphasizing the locus of responsibility in the littoral countries
4. Presenting PSI affiliation as incremental to agreements and/or commitments already arrived at
5. Conferring membership in the Operational Experts Group (OEG) *ab initio*.

Note that our five principles do not include carrots and sticks related to issues outside PSI, such as peaceful nuclear assistance for nuclear power plants. Instead, they focus on assuring the five countries that PSI participation will not interfere with their existing international

obligations and rights, which should enable them to reassess the costs and benefits of PSI affiliation. Our objective is for the five to affiliate with PSI because they consider the benefits of doing so to outweigh the costs—not because they want to use the act of affiliation as a bargaining chip for obtaining benefits or avoiding penalties on issues unrelated to PSI or nonproliferation. Affiliation for its own sake will make them more-active participants and, in the long run, will meet the nonproliferation objective far better than affiliation for extraneous reasons.

Applying the Five Principles

Our next step was to apply the principles to each of the countries, in the process considering how application might alter the calculus of costs and benefits of PSI affiliation. The aim and the result of this exercise were the same: to suggest the manner in which each country should be approached and the points that should be highlighted in inviting each one to join PSI.

Indonesia and Malaysia

It would be prudent for the PSI invitations extended to Indonesia and Malaysia to come from Singapore, Japan, France, Australia, and one or two states in the Gulf Cooperation Council (GCC) (principle 1). Acting on behalf of the full PSI constituency, these countries would explicate the subjectivity of determining what may or may not be innocent passage (principle 2) and the unambiguous protection of territorial waters by the littoral states (principle 3). New Zealand might usefully be included among the several countries extending the invitation, partly because of its geographic proximity and partly because it has effectively articulated the broad scope of benefits from PSI affiliation.

Given these two countries' viewpoints on the United States, it may be advisable to pursue this approach initially with Malaysia and then with Indonesia. Moreover, approaching Malaysia first would benefit from the fact that Malaysia has already been an observer in three PSI exercises and has joined the Container Security Initiative (CSI). This is an application of principle 4 for building on the five countries' relevant

prior activities, including their recent efforts to enact domestic laws and to join international agreements for nonproliferation. Although Indonesia has not observed any PSI exercises or joined CSI, it has made recent efforts along similar lines, both domestically and internationally, in support of nonproliferation. Moreover, because of Indonesia's stature and strategic location, its invitation should include an offer of immediate membership in the OEG.

India and Pakistan

It may be advisable to have France, the United Kingdom, and Russia—the three nuclear-state PSI participants other than the United States—and perhaps Japan, convey invitations to India and Pakistan. Having the United States forgo this role of formal protagonist (principle 1) may help allay India's sensitivity by emphasizing the multilateral character of PSI's activities and modulating the U.S. role in them.

The protagonists should assure India and Pakistan (and the other three countries, as well) that PSI will not compromise their right of innocent passage (principle 2). The incremental character of PSI affiliation should be emphasized in light of these countries' prior efforts to enact domestic laws and to join international agreements for nonproliferation (principle 4). For example, Pakistan has already participated as an observer in three PSI exercises, India in two. Finally, it would be appropriate and perhaps more effective if the invitation to both India and Pakistan were accompanied by an option for immediate participation in the PSI's OEG (principle 5).

China

China's affiliation with PSI should be sought by several principal PSI members, including but not confined to the United States. The invitation's effectiveness would be enhanced if, for example, it were extended jointly by France, the United Kingdom, Germany, and the United States, with the first three playing the lead role (principle 1). France and perhaps Russia, as another PSI member, might authoritatively convey the consistency between PSI affiliation, on one hand, and the appropriate and reasonable qualifications within PSI's interdiction principles

that can be invoked to protect the right of genuinely innocent passage, on the other (principle 2).

With China, the United States may be in the best position to explicate the incremental and complementary nature of PSI affiliation (principle 4). In the last two decades, China has taken part in many international nonproliferation treaties and agreements. Also, China has already placed three of its principal ports (Hong Kong, Shanghai, and Shenzhen) under the purview of CSI. Consequently, PSI can be accurately portrayed as only a modest additional step that complements China's other nonproliferation efforts. The persuasiveness of China's invitation is likely to be enhanced by having all four of the inviting powers extend the option of immediate status in the OEG upon affiliation (principle 5).

Preliminary Ideas for Further Consideration

We also provide, for further consideration, some preliminary ideas on PSI's development and, more specifically, on the pros and cons of PSI affiliation:

- Discussing with the insurance industry whether and, if so, how premiums charged for insuring cargo (whether transported by surface, air, or sea) take into account any risk abatement related to affiliation with PSI of the transport vehicle's nation of origin.
- Considering ways to allay concerns about the right of innocent passage, especially the concern that an innocent ship might suffer delay because of interdiction.
- Clarifying possible misinterpretation about the relationship between the United Nations Convention on the Laws of the Sea (UNCLOS) and PSI with respect to the right of innocent passage, including appropriate rules of engagement that would reassure littoral states that their prerogatives in their own territorial seas would not be infringed upon by PSI interdiction principles.
- Considering whether to offer prospective PSI members technical assistance, inspection equipment, and other items that might help

improve their import/export control, inspection, and interdiction capabilities.

- Analyzing the status and trends of technology for sensing and detecting WMD that may enable better and quicker identification of WMD components, thereby enhancing the effectiveness of PSI.