

Prosperity, Security, and Freedom? The Sea Island G-8 Summit

From the Editor...

Whither the Group of Eight (G-8) industrial democracies? One scholar noted that its proponents bill the G-8 as a kind of board of directors for the international order, a hub of "global governance" capable of spreading democracy, liberty, and social advancement around the world. The composition of the G-8 – a compact, like-minded, economically powerful group of market democracies – is its chief virtue. Its annual summit meetings bring together heads of state, encouraging bold action. But critics scoff at the pretensions of the G-8. They accuse G-8 leaders of tending primarily to the interests of the rich and powerful, and they observe that the summit meetings are carefully choreographed, issuing communiqués hammered out by administrative staffs well ahead of time. In this view, the summits amount to little more than photo ops.

This year's summit at Sea Island, Georgia, will put these arguments to the test. Several factors will be in play. First, the United States is hosting the summit amid a bitterly contested presidential election campaign. Second, despite the show of

amity at last year's summit in Evian, France, lingering tensions from the transatlantic quarrel over war with Iraq could undercut the unity of the members. Third, the agenda for Sea Island is at once compressed and extraordinarily ambitious. In the space of three days, the participants will debate not only the usual economic and security matters – a chore in itself – but also proposals put forth by the Bush administration for outreach to the Middle East and Africa. Parleying this complex agenda into something more than a photo op will clearly tax the abilities and patience of the attendees.

The contributors to this issue of *The Monitor* tackle these issues and more. Richard G. Lugar, chairman of the U.S. Senate Foreign Relations Committee, focuses primarily on the G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. Over the next decade, the United States will donate \$10 billion to fund nonproliferation programs in the former Soviet Union. The remaining G-8 members will pool their resources to match this sum. Recalling the success of the Nunn-Lugar program, Senator Lugar applauds the Bush administration's recent push to widen G-8 disarmament efforts to beneficiaries such as Libya and beyond.

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John Kirton of the University of Toronto's G8 Research Group takes a detailed look at the potential for progress at the Sea Island summit. According to Dr. Kirton, G-8 summits tend to achieve the greatest success when politically secure leaders come together to confront shared vulnerabilities. The impetus for G-8 action is particularly strong when other multilateral institutions prove unable to act. The outlook for the Sea Island summit, then, is mixed: The G-8 members appear united on the threat of catastrophic terrorism, yet President Bush may find it hard to provide strong leadership – a key determinant of G-8 success – if uncertainty continues to cloud the U.S.-led campaign in Iraq and his approval ratings continue their downward drift.

Alexander Pikayev of the Russian Academy of Sciences hails the Global Partnership as one of the great achievements of the G-8 process. Dr. Pikayev also catalogues the factors that have generated friction between Washington and Moscow. Electoral politics is the most obvious of these. The restructuring of the Russian government complicates matters at a delicate juncture. And disputes about access to sensitive Russian sites, taxation of aid supplied under the Global Partnership, and liability for damages stemming from Global Partnership projects must be settled. G-8 leaders, he concludes, have a stiff challenge ahead of them at Sea Island.

Andre Beaulieu of the Center for Strategic and International Studies weighs the efforts of the G-8 in the fight against terrorism. The G-8 has issued some 30 declarations, statements, and action plans relating to counterterrorism. Most recently it instituted a Counter-Terrorism Action Group that gives the group a year-round analytical capability in this area. The preliminary results of this joint action, opines Mr.

Beaulieu, have been promising. While wary of the current mood in Washington, he voices hope that the G-8 will continue to stake out a leading role in counterterrorism and nonproliferation.

Michael Wolfe of the North River Consulting Group explores the mechanics of supply chain security. Mr. Wolfe detects two impediments to the free, secure flow of international commerce. First, the "rules of the game in international trade are deceptively unstable." Both terrorist attacks and the measures taken to ward off and recover from such attacks have far-reaching economic implications. Second, governments and industry have failed to bring "market dynamics and incentives to bear in ways that support and enhance supply chain security." Mr. Wolfe urges the G-8 to help bolster the efficacy of security preparations, mitigate the economic fallout of these preparations, and promote efficiency in the global trade system.

Finally, Gary Bertsch of the Center for International Trade and Security lauds multilateralism in general and the G-8 in particular as mechanisms to advance common security interests. The G-8 has played an important role in narrowing differences among the world's leading industrial democracies, not only on economic and trade issues, but also on pressing security issues. Dr. Bertsch observes that the turmoil presently convulsing the Middle East will permeate any discussions of security matters that take place at Sea Island. Yet he strikes an optimistic note. Valuable multilateral discussions of topics of mutual interest have been taking place on the functional level, notwithstanding the furor over U.S. policy in the Middle East.

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The views expressed in The Monitor are those of the authors alone.

We are delighted to welcome the G-8 to Georgia, and we hope you find the views expressed in this issue of *The Monitor* enlightening. ♦

The G-8 Global Partnership: Tackling the Most Important Problem in International Security Today

Richard G. Lugar

Chairman, U.S. Senate Foreign Relations Committee

Over the last decade, the United States and the Russian Federation have accomplished something never before accomplished in history. Former enemies that had squared off against each other for almost 50 years laid aside a host of disagreements and forged a new cooperative relationship aimed at controlling and dismantling weapons of mass destruction (WMD).

Since 1991 the Nunn-Lugar Cooperative Threat Reduction Program has deactivated more than 6,000 nuclear warheads, along with hundreds of bombers, missiles, and submarines. It provided the funds and technical expertise to safely remove the nuclear weapons inherited by Kazakhstan, Ukraine, and Belarus after the fall of the Soviet Union. It has employed tens of thousands of Russian weapons scientists and sought to engage them in peaceful projects so they are not tempted to sell their knowledge to the highest bidder. The program has also made significant progress toward protecting and safeguarding nuclear material, biological-weapons laboratories, and chemical-weapons stockpiles.

Beyond statistics, the Nunn-Lugar program has served as a bridge of communication and cooperation between the United States and Russia, even when other aspects of the relationship were in decline. It has improved military-to-military contacts and established greater transparency in areas that used to be objects of intense secrecy and suspicion. It will be an indispensable component of the implementation of the Moscow Treaty, approved last year by the U.S. Senate.

But these successes were never a foregone conclusion, and the ultimate goal of the program – to safeguard all weapons and materials of mass destruction in the former Soviet Union – has not yet been realized. Today, even after more than 12 years of work, great vigilance is required to ensure that the momentum of the Nunn-Lugar program is not encumbered by bureaucratic obstacles or undercut by political disagreements.

Despite the tremendous progress made to date, there are areas in need of continued work and improvement. There is still much concern about Russian chemical-weapons declarations. Many believe Russian disclosures are neither full nor accurate. This is a critically important matter that cannot be set aside.

An acceptable conclusion must be identified soon.

We must also overcome the remaining obstacles to cooperation on biological-weapons proliferation. Weapons elimination and security upgrades are ongoing at most of the facilities that made up the Biopreparat network. Unfortunately, four former military facilities continue to refuse to cooperate and open their doors. Some Russian leaders have suggested that U.S. concerns are unfounded because a biological-weapons program never existed in the Soviet Union. Denial and obfuscation serve the interests of neither country. We continue to offer assistance in transforming these facilities to peaceful purposes, but it is up to Russia to open the door.

In 2001, at their summit in Kananaskis, Canada, the Group of Eight (G-8) nations decided to match U.S. nonproliferation spending by contributing \$10 billion over the next 10 years. This was a very important development. Formally called the G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, the program has been nicknamed "10 Plus 10 Over 10." The participation of the G-8 and other allied nations will greatly improve the expertise and diplomatic strength that can be brought to bear on safeguarding weapons of mass destruction. We welcome not only the commitment of funds, but also the infusion of ideas from allies on how dismantlement efforts can be accelerated. To further this goal, President George W. Bush announced in a February 2004 speech at the National Defense University that he intended to expand the Global Partnership beyond the states of the former Soviet Union and to urge countries outside the G-8 to contribute funding.

The proliferation of weapons of mass destruction is not just the security problem of our time. It is also the economic dilemma and the moral challenge of the coming age. On September 11, 2001, the world witnessed the destructive potential of international terrorism. But the September 11 attacks do not come close to approximating the destruction that would be unleashed by a nuclear weapon.

In this era of globalization, there will be no safe haven from an instance of catastrophic terrorism. Distance from the site of a nuclear blast will not insulate people from the economic and human trauma that would result. Beyond the horrific loss of life, living standards throughout the industrialized world would be undercut by the uncertainty and fear that would follow a catastrophic terrorist attack. Investment would plummet, global equity markets would be depressed, the financial viability of transportation industries could collapse, real estate in major cities would lose value, and the exchange of people and ideas would be further encumbered.

The bottom line is this: For the foreseeable future, the United States and its allies will face an existential threat from the intersection of terrorism and weapons of mass destruction.

Terrorist organizations have demonstrated suicidal tendencies and are beyond deterrence. We must anticipate that they will use weapons of mass destruction if allowed the opportunity. The minimum standard for victory in this war is the prevention of any of the individual terrorists or terrorist cells from obtaining weapons or materials of mass destruction. This fact necessitates that the G-8 nations cooperate closely in a global effort to contain weapons of mass destruction.

Soon after I became chairman of the Foreign Relations Committee, I outlined five campaigns that must be undertaken to win the war on terrorism. I argued that the United States must improve diplomatic capabilities, enhance international trade, strengthen our alliances, support democracy and development worldwide, and expand our efforts to control weapons of mass destruction. Although my five-campaigns agenda was issued in the context of the U.S. response to terrorism, it is equally valid for all the G-8 countries.

The campaign to control weapons of mass destruction stands out as the most urgent of these campaigns. Terrorists armed with high explosives or firearms represent a tremendous risk to society, but they do not constitute an existential threat. Therefore, if we can positively control weapons of mass destruction – particularly nuclear weapons – we can greatly reduce the risk of a catastrophe.

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the previous war. Even with incredibly effective campaigns to fundamentally change attitudes and political realities in the world, we cannot guarantee that terrorists will not strike. We can, however, develop the international practices and norms that can almost guarantee that terrorists will not gain access to nuclear weapons.

As part of the global war against terrorism, every nation that has weapons and materials of mass destruction must account for what it has. It must spend its own money or obtain international technical and financial resources to safely secure its weapons and materials. And it must pledge that no other nation, cell, or cause will be allowed access to or use of weapons-related items.

Some nations, after witnessing the military actions in Afghanistan and Iraq, may follow Libya's example and pursue a cooperative path of accountability regarding their weapons and materials of mass destruction. But other states may decide

to test the world's will and staying power. The precise replication of the Nunn-Lugar program will not be possible everywhere. But a satisfactory level of accountability, transparency, and safety must be established in every nation with programs related to weapons and materials of mass destruction and the means to deliver these weapons.

When nations resist such accountability, or when they make their territory or scientific knowledge available to terrorists who are seeking weapons of mass destruction, the United States, Russia, and the other G-8 nations must be prepared to use force, as well as all diplomatic and economic tools at our disposal.

The bleak prospect of extended warfare could be mitigated by several favorable developments that have taken place since September 11. Statements by President Putin of Russia indicate substantial Russian concern about the proliferation of weapons and materials of mass destruction. Unfortunately, some Russian entities continue to make dangerous contributions to the WMD and missile programs of rogue states. We must work together to stop these illegal activities. Vigorous and timely joint diplomacy by the United States, Russia, the G-8, and all cooperative nations would greatly increase the likelihood of peaceful outcomes.

In addition, the closer ties that have developed since September 11 with India and Pakistan offer new opportunities to discuss nuclear security with both countries, including safe storage and accountability. While the United States and Russia are reducing our dangerous arsenals, India and Pakistan are increasing their numbers of missiles and other WMD delivery vehicles. This disturbing trend must be reversed.

The Nunn-Lugar program has demonstrated that extraordinary international relationships are possible to improve controls over weapons of mass destruction. Our success with Libya has increased the possibility that improved cooperation could be forged with other nations, leading to the safe storage and destruction of weapons and materials of mass destruction.

Developing and implementing such a program will require political and financial commitment from each of our nations. The Global Partnership program demonstrates that this challenge is being taken seriously, and that we are prepared to back up this intent with action.

I introduced legislation in the Senate – subsequently passed by Congress and signed late last year by President Bush – to permit the president to use Nunn-Lugar expertise and resources to address proliferation threats around the world. While each situation is different, the experience of Nunn-Lugar in Russia shows that the threat of weapons of mass destruction can lead to unprecedented outcomes based on mutual interest.

By ensuring that the war on terrorism focuses on weapons of mass destruction, and by forming a coalition to combat the spread of these weapons, the G-8 nations would be addressing the most important problem in international security today. Such a coalition would bolster the mutual interests of G-8 nations that have disagreed over Iraq and other tactics in the war on terrorism.

The next 10 years must show how the G-8 nations and their partners established comprehensive controls over weapons of mass destruction and led our countries to security and an enriched quality of life. That is the promise of the Global Partnership. ♦

The Struggle for Summit Success: Prospects for Georgia's G-8

John Kirton

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On June 8-10, 2004, at Sea Island, Georgia, President George W. Bush will host the 30th annual summit of the Group of Eight (G-8) major market democracies. It is unusually difficult to forecast, even on the eve of the event, how successful this year's summit is likely to be. An informal international institution, the G-8 is designed, delivered, and driven by leaders, who determine – even during the meeting itself – what they discuss and decide. U.S. presidents, including George Bush, are historically the last to plan and prepare for the annual summit. Only once before, in 1976, has a U.S. president hosted a summit in a presidential election year; that summit was also held in a luxurious resort on the Atlantic seaboard and was one of the poorest performing summits in G-8 history.¹ The Republican host went down to electoral defeat that November.

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those conditions, leaders tend to pull together as equals in a small-group setting to promote democratic values in the world.² With "America the victorious" after the Cold War now giving way to "America the vulnerable" to elusive enemies everywhere – enemies who kill Americans at home and can be defeated only with the collaboration of all America's G-8 allies

– the conditions seem ripe for a Sea Island success. But getting the cooperation of this highly capable G-8 "coalition of the willing" will require an American president who is willing to lead and act and to listen, learn, and adjust to his G-8 allies.

There is much now encouraging President Bush to do so. These powerful forces derive from the G-8's rising success over the past 30 years, the momentum from last year's French-hosted Evian summit, the strategic plan and increasingly accommodating preparations for Sea Island, and a succession of shocks and United Nations failures. These forces should bring even reluctant American and allied leaders together. Yet Bush, a G-8 skeptic, has designed a very short summit that starts with a dinner for the leaders and their wives and friends. Complicating matters further will be dialogues with a group of invited leaders from the Middle East and another from Africa. His recent plunge in the polls will restrict his freedom at home to do what he must on the international stage. His only hope is that his highly ambitious Greater Middle East Initiative (GMEI) is so consonant with the G-8's core mission of promoting open democracy, individual liberty, and social advancement that he and his G-8 colleagues will succeed at Sea Island, regardless of their shortcomings at home or in the world beyond the G-8.

The Productive Past 30 Years

The annual G-8 summit has shown a rising trend of performance over the past 30 years. Each year the G-8 leaders take more time to deliberate, and they do so on more subjects. They set ever bolder normative directions, produce soaring numbers of collective decisions, and increasingly comply with these decisions. And they work to develop the institutions of global governance, both beyond and increasingly within the G-8.

To be sure, the United States has historically been the least successful host for the annual gatherings of the G-8. After Gerald Ford's dismal start at Puerto Rico in 1976, U.S. performance peaked with Ronald Reagan at Williamsburg in 1983, then fell under George Bush Sr. at Houston in 1990 and Bill Clinton at Denver in 1996. Yet a closer look at the summits' performance by four key measures – deliberating, direction setting, decisionmaking, and developing global governance – shows that the United States is steadily becoming a better host.

Last year's Evian summit produced considerable momentum despite the transatlantic political war between France and the United States over Iraq. Yet George Bush and Jacques Chirac embraced each other at Evian, and a record high of 14 G-8 documents, complete with 206 commitments, gushed forth from the proceedings. The leaders created three new G-8 bodies – for counterterrorism, nonproliferation of weapons of mass destruction (WMD), and science and technology for

sustainable development – and requested reports on terrorism and transport security for the 2004 summit and on Africa for the 2005 summit, the latter of which will be hosted by the United Kingdom. They also recorded the common determination of the G-8 governments to respond collectively to external shocks such as the proliferation of WMD, terrorist acts, and attacks on oil tankers. Having compiled such a record, Bush could rush off to the Middle East to promote peace, even before the Evian summit had reached its end.

U.S. Plans and Preparations: Ambition and Adjustment in Action

Also promising has been the direction the U.S. preparatory process has taken. Despite Bush's initial uncertainty about the value of the G-8, the United States has mounted important and productive ministerial meetings on counterterrorism and crime, foreign affairs, and finance. Indeed, Bush met with the G-8 foreign ministers when they gathered in Washington on May 14. These meetings have been backed by a dense set of official-level preparatory meetings and bilateral meetings among G-8 leaders and expanding coalitions of the willing. G-8 members are also complying well with their priority commitments from Evian: France and the United States, for instance, scored an above-average +50%.³

Another welcome sign is the focused but ambitious agenda, which covers the economic and political/security domains and reflects the distinctive priorities of all major G-8 partners. America's initial trilogy of "Prosperity, Security, and Freedom" has generated a wide-ranging, robust list of agenda items, topped by four major deliverables and a growing number of items added in part by America's allies in the G-8.

At the strategic center is the GMEI, which is likely to take the form of a general political statement, a list of ongoing projects the G-8 members have undertaken in the region, both collectively and – mostly – individually, and a list of new initiatives for the G-8 members to commence working on together. Projects contemplated under the GMEI will likely include issues such as literacy, the education of women, and freedom of the press. These activities will probably be financed through a fund to which G-8 governments and rich Middle Eastern governments can contribute. The United States is open to mobilizing new money at Sea Island for these and other projects. It is an open question whether Bush can convince others in the G-8 to give. To gain support from the region, the United States has invited a select group of Middle Eastern leaders to join the G-8 leaders for a session at Sea Island.

Two big challenges for the GMEI will be to persuade the respectable regional powers to buy into the plan and to clarify how the initiative relates to the Middle East peace process (MEPP). The outreach effort has been bedeviled by the leak of

a draft text, which sparked predictable cries that the United States and the G-8 were dictating to the region, and by delays caused by Bush's support for Ariel Sharon's peace plan, outrage over Iraqi prisoner abuse by Americans, and a steady stream of terrorist shocks in the Middle East. Even so, both the Arab leaders and the G-8 are seemingly coming to agree that the GMEI should not be held hostage to the success of the MEPP, but that it would go farther and faster given more movement toward a regional peace accord.

The second deliverable for Sea Island is the Secure and Facilitated Transport Initiative (SAFTI). SAFTI will involve carrying forward the work on transport security launched at the 2002 G-8 Kananaskis summit. Still outstanding are the issues of deploying immigration and customs personnel and screening airline industry personnel.

The third deliverable relates to WMD nonproliferation. There remains some degree of disagreement among G-8 members as Sea Island approaches, for example over a U.S. initiative calling for full controls over the nuclear fuel cycle. Such items would be allowed for civilian nuclear power, but any elements needed to make a bomb would be denied. The initiative would be aimed at countries such as Iran and North Korea. Another component is the Proliferation Security Initiative (PSI). Under the PSI, the United States has made steady progress in getting agreement from the major maritime countries to interdict suspicious vessels on the high seas.

Also stirring some discord is a proposal to expand the Global Partnership, the \$20 billion fund created at Kananaskis to dismantle WMD in Russia and the former Soviet Union. Russia has demanded faster disbursement of Global Partnership funding from its G-8 partners, which for their part are lobbying Moscow for exemption from onerous Russian legal liability requirements. Some think it is time to start spending elsewhere in the former Soviet Union. It is uncertain, moreover, whether new money can be found to support Libya, which underwent a sudden change of heart about its WMD programs and thus deserves to be rewarded – before it changes its mind. Discussions related to chemical, biological, and radiological sources are progressing well, and the May 17, 2004 discovery of sarin nerve gas in Iraq, which had been used with deadly intent, will likely concentrate minds at Sea Island.

The fourth deliverable, inspired by a report from Canadian prime minister Paul Martin and former Mexican president Ernesto Zedillo, relates to private-sector development. More money is transferred from north to south through remittances than through official development assistance. The G-8 wants to reduce the transaction costs associated with such transfers, allowing this money to flow more smoothly. When they met on May 23, the G-8 finance ministers issued a statement to that effect. They will probably prepare this item for their leaders to adopt at Sea Island. More controversial is a U.S. proposal,

reluctantly supported by Germany, to issue growth index bonds to reward investors according to GDP growth rates in the developing countries that would receive the money. This proposal is linked to a British financing scheme, not supported by the United States, that would create an international financial body to borrow against future aid promised by the G-8 countries and spend the money now. Whether George Bush and Tony Blair can come to a mutual accommodation, rather than a mutual veto, remains unclear.

A fifth item involves peace support, principally in Africa. Working jointly with the Italians, the United States is seeking a commitment to help train an African peacekeeping force to perform constabulary duties and related tasks. Washington has earmarked \$670 million for the training effort. The other G-8 partners have proposed using "existing mechanisms" for this purpose and, led by Germany, are resisting contributing their own money. Perhaps to help build pressure, and to accommodate those G-8 allies that are more deeply committed to Africa, Bush has invited a group of African leaders to Sea Island. Blair's recently created Commission for Africa, which contains members from many G-8 and African countries, will likely be discussed as well.

Another item on the agenda for Sea Island is global economic growth. Topics under this item will include rising interest rates, trade imbalances in America and elsewhere, and China's booming economy and fixed, undervalued exchange rates. Rapidly rising oil prices make this traditional issue increasingly relevant for the G-8.

The G-8 could decide to spend new money to eradicate polio – an effort to which all members are committed, and on which even Germany seems ready to spend. America's geographically and linguistically closest G-8 partners are pushing for action on HIV/AIDS, through the Global Health Fund. Other possible subjects for discussion include a follow-up effort on sustainable development – an effort sure to be resisted by Bush's America – an Italian initiative on global observation, and a Japanese proposal to promote recycling.

The Powerful Pressures to Produce

In the weeks before the Sea Island summit, the G-8 leaders are coming under increasing pressure to agree on a variety of matters. The jump in world oil prices and the steady succession of terrorist shocks in the Middle East, Russia, and Europe have created strong incentives for collective G-8 action. These events have revived memories of past occasions when the G-8 pulled together in times of trouble. The use of sarin nerve gas against U.S. forces in Iraq in mid-May showed that the nightmare of WMD-armed terrorists – a nightmare long emphasized by George Bush and acknowledged by the G-8 at Kananaskis – remains real.

While all hope that the United Nations can help manage Iraq after the June 30 transfer of power, the head of the International Atomic Energy Agency has admitted his UN agency was unable to deal with the WMD threats in Iran, North Korea, and Iraq. UN performance is more far promising in the field of development. This factor could inspire an America looking for easy deliverables to add more items to the Sea Island agenda – say, ventures relating to private-sector development in Africa, or perhaps even sustainable development – than it originally intended.

Nonetheless, the countries represented at the Sea Island summit table do not have the wherewithal to correct all of the world's troubles, even if they agree to act collectively. The booming economic growth seen in China and other emerging powers has cut into the physical and psychological capabilities of the G-8, casting doubt on the group's ability to govern the globe confidently. Recognizing this, Russia and Japan, two countries undergoing an economic renaissance after periods of economic stagnation, support treating non-members as equals. But the first-place GDP performance posted by the United States and the rise of the U.S. dollar could embolden an already self-confident U.S. president to attempt to lead unilaterally, rather than to listen, learn, and adjust to what his G-8 colleagues want – and what they will help fund.

Nor is the Sea Island summit physically designed to encourage the leaders to bond as only G-8 leaders can. To be sure, it follows the model established at Kananaskis in 2002 and Montebello in 1981, which allows leaders to have some time alone: The media and the associated distractions will be held at arm's length, some 60 miles away. Moreover, the June 6 ceremony in Normandy, commemorating the 60th anniversary of D-Day, will offer most of the G-8 leaders the chance to strike last-minute deals while reminding them how their nations fought together to bring freedom to authoritarian polities in the past. Still, the short time allotted for the Sea Island summit – much of which will be consumed by the elaborate arrival ceremony on June 8, the social dinner that night, and the meetings with non-G-8 leaders – will limit the ability of the G-8 leaders to go beyond what their ministers and officials have already agreed to on their behalf.

Nor will the G-8 leaders be free of domestic distractions or domestic political constraints. George Bush, as host, will be preoccupied with the looming election and his recent decline in popularity, which has seen his job approval rating drop below 50 percent. All of the G-8 leaders except for Russia's Vladimir Putin are similarly afflicted by poor popularity or impending elections.

The great hope for Sea Island to be successful, and historically significant, lies in Bush's very ambitious agenda, which envisions promoting democracy and social development in the Middle East. The agenda adheres closely to the G-8's core

unifying mission of promoting open democracy, individual liberty, and social advancement around the world. Under the leadership of Bush's father, notably at Houston in 1990, the G-8 succeeded in bringing the Soviet empire peacefully into the democratic fold. Under the leadership of Canadian prime minister Jean Chrétien at Kananaskis in 2002, the G-8 forged a partnership with forward-looking leaders both north and south of the Sahara, bringing the democratic revolution to Africa. Bush can reasonably assume that the time has come – during his time as host – to bring democracy to the Middle East, a region almost entirely left out of the great wave of openness and democratization that has swept the world since 1989. With their backs to the wall, his allies within the G-8 may well put aside their differences and pull together, allowing the group to agree on matters of tremendous import. It remains to be seen whether they can muster enough support in the Middle East for this common enterprise. ♦

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2. John Kirton, "Contemporary Concert Diplomacy: The Seven-Power Summit and the Management of International Order," Paper Prepared for the International Studies Association Annual Conference, London, England, March 29-April 1, 1989; "The Seven Power Summit and the New Security Agenda," in David Dewitt, David Haglund, and John Kirton, eds., *Building a New Global Order: Emerging Trends in International Relations* (Toronto: Oxford University Press, 1993); "Explaining G8 Effectiveness: A Concert of Vulnerable Equals in a Globalizing World," Paper Prepared for the International Studies Association Convention, Montreal, March 17-20, 2004, <http://www.g8.utoronto.ca/scholar/kirton2004/kirton_isa_040304.pdf>.

3. John Kirton and Ella Kokotsis, "An Evaluation of the G8's Commitment to the Kananaskis Pledges," Paper Prepared for a Meeting of the Council on Foreign Relations G8-Africa Roundtable, Washington, DC, February 4, 2004, <http://www.g8.utoronto.ca/scholar/kirton2004/kirton_africa_040204.html>.

Breaking the U.S.-Russian Global Partnership Deadlock?

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In recent months, election campaigns in Russia and the United States, together with other factors, have diverted high-level attention in both countries from efforts to solve disagreements about several important issues – including the implementation of projects contemplated under the G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. However, there are some grounds to hope that, during the upcoming G-8 summit at Sea Island, Georgia, national leaders will summon the political will necessary to overcome the obstacles to progress in the U.S.-Russian dialogue over securing assets that could be used in devastating terrorist attacks.

Established at the 2002 G-8 summit in Kananaskis, Canada, the Global Partnership ranks as one of this decade's major

achievements for the G-8 process. Under the plan adopted at Kananaskis, the participants pledged to spend \$20 billion dollars during the next 10 years to secure infrastructure in the Russian Federation related to weapons of mass destruction (WMD). By that time, this objective had gained new importance as a result of concerns that terrorists might divert ill-protected WMD assets for use in a terrorist attack of unprecedented scale. The decision to launch the Global Partnership also arose out of Washington's dissatisfaction with the commitment of the major European nations to protecting vital nuclear, biological, and chemical facilities in Russia and elsewhere in the former Soviet Union. According to officials from the Bush administration, the United States spent roughly \$6 billion to achieve these objectives during the previous decade, while the combined European contribution was only a tenth of that. On numerous occasions, therefore, U.S. officials appealed to the Europeans to start "walking the walk" as well as "talking the talk."

Under the Kananaskis plan, seven non-U.S. G-8 members agreed to spend a total of \$10 billion over the next 10 years – matching the amount promised by Washington. The Russian Federation, taking primary responsibility for securing and disposing of its own dangerous stockpiles, agreed to spend \$2 billion in the coming decade. Other contributors included Germany (1.5 billion euros, or \$1.8 billion), Italy (1 billion euros, or \$1.2 billion), France (750 million euros, or \$0.9 billion), the United Kingdom (\$750 million), Canada (1 billion Canadian dollars, or \$740 million), and Japan (\$200 million). Later, before the June 2003 G-8 summit in Evian, France, several additional European non-G-8 members either joined or expressed a wish to join the Global Partnership: the Czech Republic (promised a symbolic \$75,000), Finland (no less than \$12 million), Norway (\$120 million), the Netherlands, Sweden (\$500,000), Switzerland (17 million Swiss francs, or \$13 million), and Poland. The European Union also acceded corporately to the Global Partnership. The EU committed 1 billion euros (\$1.2 billion) to the partnership over the next 10 years. At this writing the combined obligations came to slightly less than \$19 billion, or \$1 billion below the target set at Kananaskis.

To date, despite the commitments made by G-8 leaders, governments have appropriated only a fraction of the funds they pledged for formal joint projects. For example, Great Britain has met only 10 percent of its financial obligation under the Global Partnership. For 10 years Japan has failed to spend obligated funds because of bureaucratic turf wars. Tokyo's commitment to the Global Partnership likewise risks being swallowed up by bureaucratic politics. France and Canada are in the initial stages of their cooperation with the Russians, and Canadian assistance is handicapped by the lack of a bilateral implementation agreement. Only in the cases of Italy and Germany has progress been much more substantial. In 2003, Russia and Italy signed two agreements under which

720 million euros (\$860 million) will be allocated to dispose of nuclear submarines and chemical-weapons stockpiles. The same year, Germany signed two new agreements with Russia appropriating 440 million euros (\$530 million) to help decommission nuclear submarines and dismantle chemical-warfare (CW) infrastructure. The two agreements made Germany the second-largest donor – after the United States – to the cause of nonproliferation and disarmament in Russia. In 2003 Berlin spent 65 million euros (\$78 million) to dismantle nuclear submarines and upgrade nuclear safety at Russian installations.

In the past two years the European countries have substantially improved their performance in assisting Russia over that of the 1990s. Since 2002 they have committed some \$6 billion under the Global Partnership over the next 10 years – 10 times more than they actually spent during the previous decade. To be sure, these amounts still remain below the targets fixed at Kananaskis, and approximately one-third of the increase is explained by the surge in the value of the euro against the U.S. dollar during the past two years. Doubts linger as to whether the funds pledged at G-8 forums will be actually and fully spent within the planned period of time. In the German and Italian cases, at least, cooperation with Russia seems to have taken on solid and sustainable momentum.

The outlook for U.S.-Russian cooperation is mixed and faces growing complications. On the one hand, Washington froze the level of U.S. assistance for Russian CW dismantlement at its 2002 level. This was not especially worrisome, as the Bush administration declared that it would increase funding for those efforts in the future. This is especially important for Moscow, which projects that implementing the Chemical Weapons Convention will be the nation's most expensive disarmament effort. On the other, disagreements prevented concluding follow-on bilateral agreements on plutonium disposition and the downsizing of nuclear cities. As a result, these two agreements lapsed in the fall of 2003. The deadlock in U.S.-Russian talks under the Global Partnership reportedly arose from disagreements over a few important issues. The solutions to these disagreements will require top-level political attention. The Sea Island summit will represent one of the rare occasions this year on which the leaders of the two countries will meet face-to-face to discuss and – hopefully – resolve these points of contention.

Three main areas of disagreement have hampered U.S.-Russian cooperation in recent years: access, taxation, and liability. More importantly, background developments might push bilateral cooperation into a downward cycle.

First, access. Access to Russian facilities was a perennial irritant in U.S.-Russian cooperation under the Cooperative Threat Reduction Program (CTR). It has also affected the implementation of Global Partnership projects with some

other countries – Norway, for instance. Russian law stipulates that foreign nationals will be granted access to secret sites only on extraordinary occasions. The authorities, consequently, make decisions on access on a case-by-case basis. The Global Partnership deals with the nation's most sensitive assets, so it is not surprising that gaining access to these installations often becomes a painful undertaking. At the Evian summit in 2003, the Russian side offered to cut the review process from 45 to 30 days, but bureaucratic difficulties have slowed down the effort to put this offer into effect. An application for access to a Russian facility is reviewed both by the agency supervising the facility and by the Federal Security Service. The various agencies have reportedly been unable to reach agreement on how to split the 15-day reduction in the processing period. Each agency maintains that it needs more time for internal review.

Second, taxation. Donors want their assistance exempted from Russian taxes and tariffs. In principle, Russian federal law permits it, and a procedure for granting exemptions has been established and works. However, the law granting these immunities was partially superseded by subsequent legislation. Some other tax exemptions are not adequately founded in Russian law. Resolving these ambiguities will require amending and streamlining several laws and ratifying several agreements. While some governmental agencies seemingly understand the need for remedial measures, the legislature has yet to act.

Third, liability. Liability over damages which could be inflicted during Global Partnership activities has become probably the most difficult obstacle in the U.S.-Russian dialogue. It may also have been a factor delaying the Canadian government's approval of the Russo-Canadian implementation agreement. Moscow previously accepted that U.S. companies engaged in Global Partnership activities would enjoy complete immunity from any damage liability. This acceptance was codified in the 1992 U.S.-Russian Umbrella Agreement that regulated the flow of Nunn-Lugar assistance to the Russian Federation. The follow-on 1999 agreement between the two governments contained a similar clause. Later, however, the Russians changed their minds and started to insist on partial liability. In part because of Moscow's shift of stance, the 1999 pact has not been submitted to the Russian Duma for ratification. There were pragmatic reasons for Moscow's seemingly inconsistent policy. Because of severe budgetary constraints, Russia cannot assume full liability for a large-scale incident arising from a Global Partnership project. Nor, under Russian law, can a foreign contractor responsible for such an incident evade potential prosecution – even if an immunity clause is built into the relevant international agreement.

While the U.S. delegation has bluntly rejected Russia's retreat from the notion of complete immunity, European donors

accepted the idea of limited liability, agreeing to incorporate it into a protocol to the Multilateral Nuclear Environmental Program in Russia (MNEPR) agreement signed in 2003. The United States, which was party to the larger MNEPR agreement, refused to sign the protocol. A few days before the December 2003 general parliamentary elections, the Russian Federal Assembly hurriedly ratified the MNEPR agreement – violating the regulations it had established for deliberating on international accords. The assembly was clearly under strong pressure from the Russian authorities to ratify the document as soon as possible, strengthening their negotiating position in talks with the United States. By ratifying the MNEPR agreement, lawmakers further complicated prospects for parliamentary approval of the 1999 U.S.-Russian follow-on agreement, which contains a liability provision contradicting the terms of the MNEPR protocol.

Another, more fundamental impediment to bilateral cooperation stems from the different priorities the United States and Russia have with respect to the Global Partnership. In 2002, President Vladimir Putin declared that the Russian Federation had two major priorities under the partnership: eliminating chemical weapons and dismantling nuclear submarines. At the same time, the United States and some of its G-8 partners were intensifying their focus on biosecurity, on the assumption that biological agents afford terrorists a readily attainable and destructive weapon. They believe that biological assets are vulnerable to theft or diversion at Russian sites – some of which remain closed to international monitoring. The Russians have thus far resisted opening their large biosecurity complex to programs under the Global Partnership, although several limited projects are already underway in this area. In part they worry that their defensive biological activities could be portrayed as offensive and as a violation of the 1972 Biological Weapons Convention. It is clear, however, that a cash-starved Russia desperately needs international cooperation to keep its bioindustry afloat, especially during the privatization effort launched in recent months.

Specific Russian domestic developments could affect the implementation of existing Global Partnership projects and the negotiation of new projects. In February 2004, most notably, the Russian executive embarked on a massive restructuring aimed at making the government more compact and efficient. Notwithstanding its other benefits, the reorganization could complicate decisionmaking during a transitional period – a period when decisive political action will be needed to give Global Partnership programs a push. The reorganization also weakened the agencies assigned to implement projects under the Global Partnership. The Ministry of Atomic Energy (MINATOM), for example, was responsible for supervising the majority of the U.S.-Russian CTR projects, particularly the deactivation of nuclear submarines, the protection of nuclear assets outside the military sector, and the downsizing of

nuclear cities. In February, MINATOM was reduced from a full-fledged ministry to a federal agency under the control of a newly established "super-ministry," the Ministry of Industry and Energy (MIE). The military wing of MINATOM, which was involved primarily in implementing Global Partnership projects, now falls under the Federal Agency of Atomic Energy (ROSATOM), but it will be supervised by the Ministry of Defense (MOD). Detailed procedures for joint control over ROSATOM have yet to be formulated. This raises questions about whether the new agency, ROSATOM, will – like its forerunner, MINATOM – have the authority to negotiate directly with foreign donors, or whether it will have to work through the ministries to which it is now subordinate. And it remains unclear which ministry, MIE or MOD, will be the real successor to the old MINATOM in these negotiations.

Another key implementation agency, the Russian Munitions Agency (RMA), which is responsible for the CW demilitarization program, completely lost its bureaucratic independence. The RMA was incorporated into the newly established Federal Agency of Industry (FAI). Like the new MINATOM, the FAI falls under the MIE. Although the director of the RMA has been nominated as an acting deputy head of the FAI, he has reportedly lost most of his responsibilities. It remains unclear which body, FAI or MIE, will succeed the RMA in talks with foreign donors. There are also rumors that the FAI will be split into two agencies responsible for the civilian and defense industries.

Since 2002, the Office of Prime Minister has played a big role in coordinating Russian activities under the Global Partnership. In recent months this role has declined, although this might be a temporary phenomenon.

Preparations for the Sea Island G-8 summit were mainly conducted by three agencies: the Office of the Presidential Economic Adviser, Alexei Illarionov, the Finance Ministry, and the Foreign Ministry. The first two agencies are interested primarily in the global economic issues to be discussed at the summit. The Ministry of Finance is famous for its inattention to the fulfillment of Global Partnership projects. The Ministry of Foreign Affairs (MFA) has always taken a hand in Global Partnership activities, but it remains unclear how the MFA would behave without prodding from the implementation agencies. It is no secret that, from a bureaucratic standpoint, diplomats are more interested in "talking the talk," while implementation agencies pay more attention to "walking the walk."

The reorganization of the Russian government has not yet been completed, and it is too early to make conclusions on how it will affect Moscow's participation in the Global Partnership in the longer run. But there are other factors that could have more fundamental impact on the partnership. Economic growth is one of these. In recent years Russia has

enjoyed the fastest-growing economy in Europe. Although its wealth is still insufficient to fund programs hitherto kept afloat by foreign donors, Moscow will enjoy greater freedom of maneuver as greater resources become available. Its stance on liability for foreign contractors could be the first indicator of a more explicit trend in Russia's foreign and security policy.

The growing array of foreign donors is another factor enabling Russia to take a tougher position vis-à-vis the United States. Moscow is more comfortable working with its non-U.S. counterparts, which are less demanding about access to sensitive sites and more accommodating towards Russian interests in areas such as liability. Non-U.S. donors are

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prepared to fund Russian priorities such as the dismantlement of non-strategic nuclear submarines, the elimination of blister chemical agents, and the construction of social infrastructure adjacent to disposal facilities. These partners are also less inclined to link their assistance with Russian behavior in other unrelated fields, and a higher proportion of their funding goes to Russian companies. For example, Rome and Moscow have reached an understanding that 90 percent of the assistance provided by Italy under the Global Partnership will go to Russian contractors. In the majority of the U.S.-funded projects, by contrast, Russian firms usually play the role of subcontractors, while the lion's share of the assistance remains in the hands of U.S. contractors. Accordingly, the combined \$3 billion package provided by Italy and Germany could be more attractive to the Russians than the \$10 billion U.S. package. In all likelihood, Washington will find Russian negotiators less malleable as additional sources of funding come on line.

One important factor will help ease these frictions in the coming months: Russia is scheduled to chair the G-8, signifying that it has in effect achieved its long-sought goal of full membership in this exclusive club. The Global Partnership represents the major G-8 initiative pertaining to Russia. Moscow's G-8 partners, then, can reasonably expect that Moscow will do its best to fulfill their wishes before a G-8 summit convenes in Russia, presumably in the not-too-distant future. ♦

International Counterterrorism Efforts and the G-8: Prospects for Future Action

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Since the attacks of September 11, terrorism has become a major preoccupation of governments around the world. Faced with increasingly motivated terrorist networks skilled at using the benefits of globalization to better conceal their activities while acquiring more lethal capabilities, nation-states have come to the realization that the war against terrorism is not one that can be fought alone. Increasingly, what is required are better mechanisms for international cooperation to monitor and disrupt terrorist organizations that operate across international boundaries. These include efforts to improve coordination between domestic intelligence agencies, increase levels of information-sharing and technology-sharing, and harmonize domestic legal principles, especially those that concern the extradition of terrorist suspects. With this need to closely coordinate counterterrorism strategies, international organizations have played a key role in advancing recent discussions on international counterterrorism efforts.

One international forum where these discussions have taken place is the Group of Eight (G-8). Composed of the world's eight most powerful industrial democracies – the United States, Japan, Germany, France, the United Kingdom, Italy, Canada, and Russia (with participation of the European Union) – the G-8 is an international forum with a vested interest in improving international cooperation against terrorism. Together, the G-8 members represent not only the principal targets of fundamentalist terrorist networks such as al Qaeda, but also the main players in the global economy that terrorist networks have vowed to destroy. Not surprisingly, then, terrorism has figured prominently at the summits almost since its inception, having earned the distinction in 1978 of becoming the first nonpolitical issue to appear on the summit

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agenda. Since that time, terrorism has been discussed more often than any other political issue, with the G-8 issuing over 30 declarations, statements, and action plans on terrorism while building a counterterrorist capability that has allowed discussions and commitments to become more ambitious and comprehensive.²

But how effective can the G-8 be in international counterterrorism efforts, and what role can the G-8 be

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realistically expected to play in future counterterrorism efforts? This is always a difficult question to answer, as the G-8 is deliberately structured to be an informal, flexible forum where leaders decide, often during the summit itself, what issues will be discussed and what will result from these discussions. However, since terrorism has been selected as a key topic of the upcoming Sea Island summit, and is likely to remain so for future summits, it is useful to review the G-8's past efforts on terrorism to assess its ability to contribute to future international counterterrorism efforts. From such an analysis it becomes clear that the G-8 can play an important role, even if the format of the summits and the counterterrorist structure the G-8 has developed over the past two decades mirror both the strengths and weaknesses of an international forum that, while limited in membership, can act more quickly, and often more decisively, on terrorism than can other international organizations.

The G-8 and Terrorism: A Continuing Evolution

At its inception in 1975, when the G-8³ had only six members, the summit process was designed to be anything but a forum for discussions about terrorism. Created after a decade of inflation and recession in the global economy, the summits were intended as a forum to prevent and react to future crises, by serving as an informal meeting point for the main players in the global economy to coordinate macroeconomic policies.⁴ Accordingly, G-8 leaders were reluctant at first to deal with political and security issues when German chancellor Helmut Schmidt introduced the topic of air hijacking at the 1978 Bonn summit.⁵ Under pressure at home to respond to a series of air hijacking incidents by the anarchist Baader-Meinhof Gang, Schmidt sought support for a declaration that would win him points back home. While a declaration was issued, there was strong opposition to widening the summit agenda to cover non-economic issues. The French and the Japanese were particularly vocal in opposition.

Over the past 25 years, attitudes have changed. Political and security issues have become key items on the G-8's ever-expanding agenda. Terrorism in particular has proven to be a topic well-suited to the G-8 summits. G-8 efforts on terrorism evolved through four distinct stages during the forum's first 25 years of existence. The first stage involved the introduction of terrorism onto the G-8 agenda, and lasted from the 1978 Bonn summit until the 1981 Ottawa summit. During this first stage, the G-8 was ill-equipped to deal with terrorism, with few officials who attended the summits possessing any expertise – or interest – in security and law-enforcement issues. Accordingly, the leaders were not seeking to make terrorism a mainstay on the summit agenda when they issued the G-8's first three declarations against terrorism: the 1978 Bonn Declaration on Air Hijacking, the 1980 Venice Statement on the Taking of Diplomatic Hostages, and the 1981 Ottawa Statement on Terrorism.⁶ Together, these declarations

amounted to little more than empty statements, with no follow-up actions by the G-8 that would indicate it wished to assume an important role in international counterterrorism efforts.

This lack of a desire and capability to follow up on declarations was short-lived. From the 1982 Versailles summit until the 1989 Paris summit, a second stage in the G-8's treatment of terrorism became evident. During this cycle of summitry, the notion that the G-8 should exclusively discuss economic issues largely disappeared. Discussions about topics such as terrorism therefore became more ambitious, and the G-8 started spending more time on political issues. The 1986 Tokyo summit was symbolic of this shift. Terrorism dominated the agenda, earning the 1986 gathering the nickname of "terrorism summit."⁷ In Tokyo, several notable developments were indicative of this evolution in the G-8's fight against terrorism. Firstly, it became evident that the summits were well-suited to terrorism discussions, as the 1986 Tokyo summit led to a transatlantic breakthrough on discussions about Libya.⁸ Secondly, in Tokyo the G-8 took its first steps toward developing a proactive, rather than a reactive, strategy against terrorism. It did so by creating its first expert group on terrorism, whose principal goals were to bolster the G-8's fight against terrorism and reinforce international counterterrorist cooperation. Overnight, the G-8 had shown itself capable of serving as a suitable forum for overcoming international differences and had created a mechanism that allowed it to examine terrorism during the entire calendar year, instead of simply coming back to the issue during each three-day summit.

The third stage, lasting from the 1990 Houston summit until the 2001 Genoa summit, witnessed the G-8 using these advantages to develop a full-time capability on terrorism that allowed discussions on the topic to expand in scope. Even if the G-8 was preoccupied in the early 1990s with the accession of Russia into the group – it was notably silent about the first World Trade Center attack – it was during this period that the G-8 built on its past efforts and developed a counterterrorist machinery that not only studied terrorism year round, but also tackled terrorism in all its complexity. This was possible as the bulk of the work on terrorism moved to the ministerial level, where the actors involved had both a narrower focus and more time to enter into more detailed discussions about the issue. This development allowed the G-8 to assume a more important role in international efforts against terrorism.

At Halifax in 1995 and Lyon in 1996, accordingly, the G-8 issued its first two action plans on terrorism: the Ottawa Ministerial Declaration Against Terrorism, and the Paris Ministerial Agreement on 25 Measures on Combating Terrorism.⁹ These documents represented the most ambitious G-8 counterterrorism documents to date. They outlined courses of action and cooperative mechanisms on issues such

as mutual legal assistance, extradition procedures, air and maritime security, the financing of terrorist networks, the proliferation of nuclear weapons, national laws on asylum and refugees, and bioterrorism. The action plans also gave a clear indication that the G-8 intended to play a key role in leading international efforts on terrorism. As the Ottawa declaration stated, "We are determined as a group to continue to provide leadership on this issue to the international community, using bilateral and multilateral measures and agreements to counter terrorism."¹⁰

From 1997 until 2001, at the height of the American and European economic boom, terrorism took a backseat to issues such as economics and development. On September 11, 2001, however, terrorism came back to the center of the G-8's agenda, and since that time G-8 efforts on terrorism have entered a fourth stage: the response to the September 11 attacks. This response was immediate and has cemented the G-8's role as a key player in spearheading international action against terrorism. On September 19, 2001, the G-8 condemned the attacks, calling on the international community to ratify the 12 UN Conventions Against Terrorism.¹¹ The first concrete measures came in October 2001, when the G-8 finance ministers submitted an Action Plan to Combat the Financing of Terrorism¹² that called for a freeze on all terrorist assets, increased information-sharing across countries, and enhanced efforts by financial supervisors to guard against the abuse of the financial sector by terrorists. The first progress report was issued in 2002, and the preliminary results were encouraging.¹³

At the 2002 Kanasaskis summit and the 2003 Evian summit, G-8 counterterrorist measures continued and moved forward on two tracks: (1) closing domestic loopholes while (2) building international cooperation by engaging non-G-8 members through other mechanisms. The G-8 justice and interior ministers, as well as the foreign ministers, have met regularly to discuss not only the legal aspects of the international fight against terrorism and organized crime, but also the adoption of new domestic counterterrorism laws. However, the most notable initiatives have involved improving international cooperation and engaging non-G-8 members in international counterterrorist efforts. At the 2002 Kananaskis summit, the G-8 adopted two new counterterrorism instruments.¹⁴ The first was the Cooperative G-8 Action on Transport Security, which aims to reinforce existing measures for the security of the international transportation system. The second was the G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, which included six main principles intended to reinforce international nonproliferation efforts pertaining to chemical, biological, and nuclear weapons and missiles. In conjunction with this last initiative was an agreement to invest \$20 billion over 10 years to finance the destruction of chemical and nuclear weapons in Russia and the other countries of the former Soviet Union.¹⁵ While the 2003 Evian summit, unlike the 1986 gathering in

Tokyo, did not qualify as a "terrorism summit," it nonetheless achieved significant results. Firstly, the G-8 created the Counter-Terrorism Action Group (CTAG),¹⁶ which will work closely with the United Nations to help interested countries provide specialized counterterrorism training for law-enforcement officials and institute security measures against terrorism. Secondly, it witnessed the adoption of three new action plans: the G-8 Action Plan on Building International Political Will and Capacity to Fight Terrorism, the Action Plan on Enhancing Transport Security and Control of Man-Portable Air Defense Systems (MANPADS), and the Action Plan on the Non-Proliferation of Weapons of Mass Destruction Securing Radioactive Sources.¹⁷ What was perhaps most notable about the adoption of these action plans and initiatives was that they came on the heels of the transatlantic rift that opened in the months preceding the summit over the U.S. decision to invade Iraq. Once again, the G-8 demonstrated at Evian that it was a forum where disagreements and differences could be bridged, and where discussions led to concrete results.

The G-8 as a Center for Global Counterterrorism Efforts?

The G-8 has therefore been an active player in international counterterrorism efforts over the past 25 years. Its role looks to continue into the foreseeable future. Ministerial discussions leading up to the Sea Island summit have focused heavily on the topic. On April 23, the finance ministers issued a Joint Statement on Combating Terrorist Financing, while the May 11 meeting of the justice and home ministers issued no fewer than 5 documents of recommendations¹⁸ and a final communiqué focused on 10 different counterterrorism issues, including border and transportation security, asylum procedures, cybersecurity, and investigative techniques for combating organized crime and terrorism.

However, over the years the notion that the G-8 can serve as an effective forum for international action on issues such as terrorism has been a source of dispute. While several scholars, including John Kirton and Nicholas Bayne, have argued that the G-8 is emerging as the center for global governance, other scholars have argued that the G-8 is too ineffective and unrepresentative to assume a role of global leadership.¹⁹ Judging by the G-8's past efforts on counterterrorism, both schools of thought are partially correct.

On the one hand, the members of the G-8 would not have discussed terrorism in its many forms over the course of 25 years, made terrorism the key topic of several summits, and developed counterterrorist machinery if they were unable to advance their interests and improve international cooperation on counterterrorism issues. Four main characteristics allow the G-8 to be an effective forum for action on terrorism. Firstly, the G-8 currently houses a counterterrorist machinery that

studies terrorism year round. This allows the G-8 to develop ambitious strategies and deal with terrorism in all its complexity, as it has done on issues ranging from terrorist financing to weapons proliferation. Secondly, the G-8 benefits from a flexible summit structure that allows it to adopt action plans and strategies more quickly than can other international bodies. As the 1996 Lyon summit shows, terrorism can become a priority virtually overnight; the G-8 can respond to unanticipated terrorist attacks in a flexible manner but with an informal structure that can give substance to discussions. Thirdly, G-8 summits are attended by officials at the highest levels of government. As the key decisionmakers, they can adopt measures with little consultation and provide the political will to ensure these measures are implemented. Finally, the G-8 unites eight like-minded members with significant human and financial resources and a mutual vulnerability to terrorism. This minimizes the disagreements that often paralyze other institutions, allows for disagreements and differences to be bridged (as was the case in Tokyo in 1986 and in Evian in 2003), enables the G-8 to set its ambitions high, and facilitates the G-8's speaking with a united voice – a key factor that allowed it to assume a leadership role in past counterterrorism efforts.

On the other hand, all of the advantages of the G-8 summit structure also have their drawbacks. Firstly, since they include only the voices of the eight main industrial democracies in the world, with little equitable representation across continents, G-8 discussions are often held without the participation of nations where terrorist attacks are planned and carried out. Furthermore, the G-8's insistence on only including democracies limits its future membership and the participation of countries and intelligence services that are currently key players in international counterterrorism efforts. Secondly, with no dedicated secretariat or fixed agenda, issues such as terrorism can get crowded out of summit discussions. In the past terrorism has disappeared off the agenda for periods of up to five years. Thirdly, G-8 agreements, action plans, and statements are not binding. They often represent mere declarations of support and a framework for future action, since G-8 members tend to be slow to implement initiatives – even initiatives announced with great fanfare at the annual summit meetings – once the media attention that accompanies the summits dies down. Fourthly, the G-8 counterterrorist machinery is effective, but it is not complete. As an institution with no bureaucracy or secretariat, the G-8 often has to draw on the resources and expertise of other international institutions to ensure implementation of its efforts.

Fortunately, the G-8 has established a good track record of collaboration with other international institutions, allowing it to overcome its limitations.²⁰ Overall, it has exhibited promise as an effective international forum for counterterrorist discussions. However, while it has proven that it can act quickly and play an important role in advancing international

counterterrorist discussions, it has also shown that it can only be effective if it makes terrorism a consistent priority while continuing to engage other nations and international institutions in its efforts.

Conclusion: Prospects for the G-8 at Sea Island and Beyond

As the Sea Island summit approaches, terrorism is set once again to play an important role. The theme for this year's summit, "Security, Prosperity, and Freedom," will set the direction for continued discussion of issues such as terrorist financing and the spread of weapons of mass destruction that have dominated G-8 counterterrorist efforts since 9/11. Looking back at a quarter-century of counterterrorism efforts, these discussions should be useful. The G-8 has gradually become more ambitious and consistent in its attempts to develop international counterterrorism strategies, and has demonstrated increasing international leadership on this issue. This evolution has allowed the G-8 not only to deal with terrorism in all its complexity, but also to work with other international institutions, which has been a key development allowing the G-8 to overcome its institutional weaknesses.

With the 2004 summit in the United States, however, it is worth remembering that one additional factor has traditionally proven crucial in determining G-8 effectiveness on issues ranging from macroeconomic coordination to terrorism: leadership by the United States. During the first three decades of summitry, American willingness to push issues and agendas forward has been one of the most important factors in making or breaking G-8 initiatives. Especially on counterterrorism issues, U.S. leadership goes a long way toward determining how high the G-8 can set its sights, and whether it can craft long-term strategies for, and sustain a long-term commitment to, international counterterrorist efforts. The ability of the G-8 to contribute to future counterterrorism initiatives will depend on the United States' continuing to perceive international institutions as useful in the pursuit of its national interest. Judging by the current political climate in Washington, this is by no means a foregone conclusion. ♦

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2. For a comprehensive study of the G-8's past efforts against terrorism, see Andre Belelieu, "The G8 and Terrorism: What Role Can the G8 Play in the 21st Century?" *G8 Global Governance* 8 (June 2002), <<http://www.g8.utoronto.ca/governance/belelieu2002-gov8.pdf>>.

3. The Group of Eight (G-8) began in 1975 with only six members (the United States, France, Germany, the United Kingdom, Italy, and Japan), and became the Group of Seven (G-7) the following year with the addition of Canada. When terrorism first entered the summit agenda in 1978, the summits were referred to as the G-7. However, Russia became a full member at the 1997 Denver summit, and the name was changed to the G-8. For simplicity, this paper will refer to the summit process as the G-8 regardless of the time period in question.

4. For the best study on the creation of the G-7 summits, see Nicholas Bayne and Robert D. Putnam, *Hanging Together: Cooperation and Conflict in the Seven Power Summits* (Cambridge: Harvard University Press, 1987).
5. Terrorism was not intended to be a topic for discussion at Bonn. The issue was raised by Schmidt over lunch, where he won the support for the short declaration. *Ibid.*, p. 87.
6. These documents are all available at the G8 Research Group's website, <<http://www.g8.utoronto.ca>>.
7. The Tokyo final communiqué and statement on international terrorism can be found at <<http://www.g8.utoronto.ca/summit/1986tokyo/index.html>>.
8. See Adrian Guelke, *The Age of International Terrorism and the International Political System* (London: I. B. Tauris Publishers, 1995), p. 63.
9. These documents are available online. The Ottawa Ministerial Declaration Against Terrorism is available at <<http://www.g7.utoronto.ca/terrorism/terror96.htm>>, and the Paris Ministerial Agreement on 25 Measures on Combating Terrorism is available at <<http://www.g7.utoronto.ca/terrorism/terror25.htm>>.
10. G-7, "Ottawa Ministerial Declaration Against Terrorism," <<http://www.g7.utoronto.ca/terrorism/terror96.htm>>.
11. G-8, "Statement by the Leaders of the G-8 over Last Week's Terrorist Attacks in New York and Washington," <<http://www.g7.utoronto.ca/g7/terrorism/sept192001.html>>.
12. This document is available online at <<http://www.g8.utoronto.ca/finance/fm100601.htm>>.
13. The progress report is available at <<http://www.g8.utoronto.ca/finance/fm020902.htm>>.
14. All documents issued at the 2002 Kananaskis summit are available at <<http://www.g8.utoronto.ca/summit/2002kananaskis/>>.
15. G-8, "G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction," <<http://www.g8.gc.ca/2002Kananaskis/globpart-en.asp>>.
16. The Counter-Terrorism Action Group was created as part of the G-8 Action Plan on Building International Political Will and Capacity to Combat Terrorism. This document is available at the official site of the 2003 Evian summit, <http://www.g8.fr/evian/english/navigation/2003_g8_summit/summit_documents/building_international_political_will_and_capacity_to_combat_terrorism_-_a_g8_action_plan.html>.
17. These action plans are all available at the official site of the 2003 Evian summit, <http://www.g8.fr/evian/english/navigation/2003_g8_summit/summit_documents.html>.
18. The justice and home affairs ministers issued Recommendations for Enhancing the Legal Framework to Prevent Terrorist Attacks, Recommendations on Special Investigative Techniques and Other Critical Measures for Combating Organized Crime and Terrorism, Recommendations for Sharing and Protecting National Security Intelligence Information in the Investigation and Prosecution of Terrorists, a Statement of Principles to Protect Asylum Processes from Abuse by Persons Involved in Terrorist Activities, and Best Practices for Network Security, Incident Response and Reporting to Law Enforcement. All these documents are available on Canada's G-8 website, <<http://www.g8.gc.ca>>.
19. Several documents look at this debate. For Kirton and Bayne's argument on the G-8 as a center of global governance, see Nicholas Bayne, "Continuity and Leadership in an Age of Globalisation," and John Kirton, "Explaining G-8 Effectiveness," in John Kirton and Joseph P. Daniels, eds., *The Role of the G-8 in the New Millennium* (Aldershot: Ashgate, 1998). Fred Bergsten and Randall Henning questioned the G-8's effectiveness in their book *Global Economic Leadership and the Group of Seven* (Washington: Institute for International Economics, 1996).
20. G-8 cooperation with the United Nations dates back to the original 1978 Bonn summit declaration on air hijacking. Since that time, the G-8 has worked in parallel with multilateral organizations such as the United Nations, the World Bank, and the International Monetary Fund, as well as with regional organizations including the European Union, the Organization of American States, and the Association of Southeast Asian Nations. For a more detailed look at G-8 cooperation with international institutions, see Belelieu, "The G-8 and Terrorism," p. 25.

incentives to bear in ways that support and enhance supply chain security. By focusing too closely on the security aspects of new technologies and new practices, the security community is undercutting its own goals. Similarly, by trying to force governments to focus on security and stay away from enhancing operating efficiency – which they see as a private responsibility – private firms and their industry associations are increasing the odds that governments will compel them to apply security countermeasures that represent a net drag on productivity and prosperity.

Linking these themes is my conviction that the careful and successful application of new technologies and processes can simultaneously enhance supply chain security, efficiency, and effectiveness – delivering net business benefits that induce shippers and their supply chains to adopt even better security against theft, contraband, and terrorism. As it turns out, the Group of Eight industrialized nations (G-8) can play a role in supply chain security in both the public and private sectors.

Approach

This article focuses primarily on freight and global supply chains, especially ocean freight. Security is not a new concern to supply chain managers. It became an issue even before the time of the Phoenicians – as soon as human beings began to trade goods beyond the next village or camp. Since September 11, 2001, however, the perception of the stakes has changed. A lot has been done since September 11 to bolster security, more

Unfortunately, the measures taken thus far come nowhere near what is needed to decisively reduce risk and vulnerability in global transportation networks.

in terms of air transportation than surface transportation, and more in terms of passengers than freight. Clearly, though, there have been useful and important moves in terms of global supply chains. Unfortunately, the measures taken thus far come nowhere near what is needed to decisively reduce risk and vulnerability in global transportation networks.

Section I of this article addresses the impacts of security countermeasures in terms of costs and operating practices. It considers factors that compound the economic risks and contribute to supply chain overconfidence. Section II addresses ways to prevent and mitigate the effects of both terrorist attacks and security countermeasures. Section III weighs how the G-8 can at once contribute to the efficacy of security preparations, limit the economic fallout of these preparations, and promote efficiency in global trade.

Section I: Impacts and Dynamics of Supply Chain Security²

Terrorism and the threat of weapons of mass destruction (WMD) have transformed perceptions of supply chain

The Dynamics of Supply Chain Security

Michael Wolfe¹

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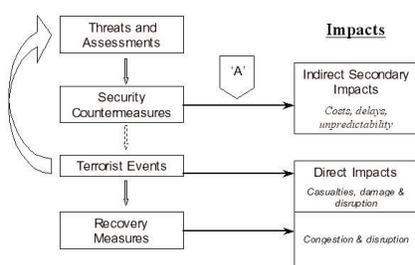
There are two themes to this article. First, the rules of the game in international trade are deceptively unstable, hiding the risk of catastrophic economic impacts from the defensive countermeasures taken to ward off terrorist events. Risk management is deficient, both on the public/private and on the macro/micro scales. Most firms are doing too little to prepare themselves to protect their supply chains and their stockholders. Most governments are having a hard time moving beyond business-as-usual in preparing for and mitigating threats.

Second, we are failing to bring market dynamics and

security. Intermodal containers, the ubiquitous facilitators of international commerce, are a potential weapon delivery system, a "poor man's cruise missile." Weapons delivered by freight systems would put at risk large numbers of lives, significant infrastructure, public and business confidence, and ultimately trade and prosperity.

Figure 1 describes the security planning cycle and the impacts of terrorism-related policies and events. In the left-hand column, governments and firms analyze threats and make decisions about countermeasures, some aimed at prevention, some at mitigation. The dotted arrow under "Security Countermeasures" indicates that some terrorist events may happen despite any countermeasures taken beforehand. Successful terrorist attacks should trigger both recovery measures and a classic iterative planning cycle that uses new information to revise assessments, plans, resource allocations, and countermeasures. The feedback loop from successful "Terrorist Events" to "Threats and Assessments" in Figure 1 implies a considered, careful process.

Figure 1: Threats, Countermeasures, and Impacts



Security policies and events produce direct and indirect impacts. Direct impacts arise from terrorist events and recovery measures, including casualties, damage, congestion, and disruption to business and daily life. Direct impacts may be profound, as they were after September 11; but in economic terms, the indirect effects of terrorism dwarf the direct effects. Security countermeasures produce indirect or secondary impacts that will have important implications because of their geographic breadth, functional scope, and potentially long duration. In addition to negative impacts such as added costs, delays, and unpredictability, positive impacts could follow from countermeasures that both improve security and improve the efficiency or effectiveness of the supply chain. In either case, defenders against terrorism – not the terrorists themselves – generate indirect secondary impacts. Initiators of these secondary effects may be public, private, for-profit, or even volunteer organizations. The actions taken by these initiators could be reactive, as they were when the Bush administration shut down the U.S. aviation system for several days after September 11. They could also be proactive, as in the case of the 24-hour rule that requires detailed cargo data to be submitted to the U.S. Customs Service at least 24 hours

before containers are loaded onto a ship bound for a U.S. port. A phenomenon known as "Wolfe's Paradox" suggests that complex logistics systems incorporating advanced information technology are at once "more robust and more fragile" than their less sophisticated, less efficient forbears. Well-tuned supply chain management systems excel at handling supply or demand fluctuations within their competence and design capacity. What they cannot do is respond effectively to conditions that far outstrip their normal operating circumstances, such as major spikes in demand – perhaps created by large military deployments – or plunges in supply created by external agents such as significantly tighter, government-imposed security measures. Few if any logistics systems are designed to cope with massive failures of the Internet, telecommunications, GPS, or power supplies. Wolfe's Paradox is a potent factor because most firms operate in several independent yet interwoven supply chains. Interdependencies between these supply chains – some of which may not become apparent until a time of crisis – may result in a cascade effect that affects other supply chains and, with surprising speed, leads to widening circles of factories forced to shut down.³

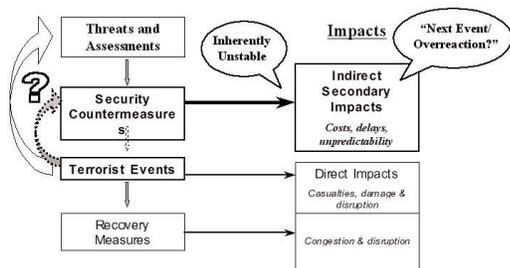
One class of indirect impacts is the cost of traditional security measures – items such as guards, gates, fences, and closed-circuit cameras, which simply add costs on top of the normal costs associated with supply chain operation. Such costs represent a burden on productivity.

A second and more interesting class of indirect impacts includes changes to operating practices. These shifts may arise from government actions as well as the strategic decisions taken by firms. These changes include regulatory practices, such as the 24-hour Advanced Manifest Reporting rule mentioned previously or new cargo inspection regimes. In Figure 1, such mandatory security practices are the essence of line "A," the horizontal arrow leading from "Security Countermeasures" to "Indirect Secondary Impacts." These practices are among the rules of the game established by governments for trade, and they are pregnant with potential for self-inflicted wounds.

Figure 2 addresses what may – indeed, what I believe is likely – to happen after a subsequent terrorist attack connected with containers and freight supply chains. The distortion begins on the left, with the gray dotted loop back from "Terrorist Events" directly to the "Security Countermeasures" box. One may ask how rational political leaders from the United States or other nations would be in the aftermath of such an attack. Raw emotion, public demands for action, and political overreaction could well short-circuit the plan/re-plan cycle, leading to a visceral leap from a terrorist event to draconian security measures intended to ensure such an event "never happens again."

The political essence of the rules of the game renders them

Figure 2: Potential for Self-Inflicted Wounds



inherently unstable. The political culture in the United States tilts toward avoiding the political discomfort associated with proactive measures that could preclude errors ahead of time – and thus toward correcting errors after they happen. We can almost count on political leadership to intervene and stiffen the rules afterward. It is also a safe bet that any new rules imposed in the aftermath of an attack will involve economic impacts far beyond that of a particular terrorist event. There is a risk of disproportionate overreaction – a "next event/overreaction" hypothesis. To take one example, devastating economic impact would result if the government ordered ports and border crossings closed for any meaningful time after a major terrorist attack delivered via the freight transportation system.⁴ To take another, there have already been periodic calls in the U.S. Congress for increasing the level of container security inspection to 100 percent, a 25-fold increase that would seriously disrupt trade. We could inflict economic costs and wounds upon ourselves that far outdo the impact of the terrorists themselves.

**Section II:
Framework to Address Security Problems**

The two classic and complementary approaches to disaster preparedness are prevention and mitigation. In addition to preparing for terrorist events, prevention and mitigation strategies can apply to negative indirect impacts – that is, the negative economic consequences – of security countermeasures. Further, both strategies apply on the macro (public sector) level and the micro (firm and supply chain) level. Figure 3 illustrates this. Cells T-1 to T-4 depict the macro and micro actions we usually think about to preclude terrorist attacks and minimize the effects of attacks that do occur. Cells E-1 to E-4 depict corresponding actions to avoid and reduce the negative economic effects of security countermeasures.

Preventing and Mitigating Attacks

Macro attempts to prevent attacks (T-1) include military, financial, and diplomatic attempts to disrupt if not eliminate terrorist threats. They also include trade-related policies such as the Container Security Initiative (CSI) and the Customs-Trade Partnership Against Terrorism (C-TPAT). Cell T-1 also includes regulatory actions, such as the 24-hour rule, and

Figure 3: Approaches to Security Preparedness

		Macro	Micro
Terrorist Events (T)	Prevention	T1	T2
	Mitigation	T3	T4
Indirect Economic Impacts (E)	Prevention	E1	E2
	Mitigation	E3	E4

public R&D projects intended to develop more effective sensors and detection devices.

Micro attempts to prevent attacks (T-2) include actions taken by firms to reduce the vulnerability of the supply chain to attack. Examples include improved fences around facilities, tighter controls over access, protection of information systems, and compliance with regulations requiring (for instance) the use of high-security cargo seals. Firms may take such actions at their own initiative, at the insistence of critical supply chain partners, or from government mandates.

Macro efforts to mitigate the effect of attacks that do take place (T-3) cover a wide range. They include furnishing state and local emergency response agencies with financial and technical assistance, improving intra-governmental coordination, and helping fund development projects to ease critical infrastructure bottlenecks, such as with the mid-Atlantic railroad network in the United States.

Micro efforts to mitigate attacks (T-4) overlap partially with T-2. For example, attempts to harden facilities usually improve survivability in case of an attack while improving defenses to foil attempted attacks. Other T-4 examples include adding emergency power supplies and generators at important facilities, creating redundant operations centers, and cross-training personnel.⁵ Cells T-2 and T-4 are home to what we generally think of as the "added costs of security."

Assurance and control activities are embedded in each of these four cells. Specific activities vary from cell to cell, but both government agencies and firms must monitor activities and supply chain processes to assure that performance remains within acceptable bounds.

Preventing and Mitigating Impacts of Countermeasures

Public-sector activities can simultaneously address preventing and mitigating the negative economic effects of countermeasures (E-1 and E-3). U.S. government policy is clear, since the president and others have explicitly affirmed the importance of maintaining trade and commerce in the face of terrorist threats. More concretely, the C-TPAT program

aims to reduce border processing delays and unpredictability for shippers and carriers that certify the use of best security practices. The U.S. Departments of Homeland Security and Transportation sponsor dual-goal demonstrations of new-technology electronic seals and satellite monitoring technologies. While their primary purpose is to accelerate progress toward more effective security, these projects also test tools that could improve supply chain visibility and control – offsetting security costs with improved efficiency and customer service.

Micro activities to prevent negative impacts from countermeasures (E-2) tend to be educational and representational. Most of these activities are directed at government security mandates being developed in T-1. Individual firms and their industry associations do – and should – work actively with government officials and use the media to help officials understand how to achieve better security without impeding commerce.

Micro activities to mitigate impacts of countermeasures (E-4) involve a rich array of supply chain strategies, including the application of lessons from the Total Quality movement. The highest level of activity under E-4 is supply chain redesign to reduce variability and improve security throughout the supply chain, from manufacturing through final distribution. One approach is to enhance redundancy within corporations and supply chains, for example by adjusting material and product sourcing strategies to reduce firms' vulnerability to disruption. Another approach is to apply new technology for automatic identification, monitoring, and control of items and to construct reusable assets such as totes and pallets and transportation conveyances. Risk management and hedging approaches may also be used to protect profitability.

E-4 is the most important arena for those who are concerned with managing supply chains in a business environment that has been distorted by the threat of terrorism. Supply chain managers can take E-4 actions within their firms and together with their supply chain partners. E-4 is the centroid for managing the economic implications of security.

A theme running through all four cells in Figure 3 that are concerned with moderating the economic impacts of countermeasures is that it is crucial to identify and promote security alternatives that enhance supply chain efficiency – or, phrased another way, to identify and promote supply chain productivity alternatives that enhance security. Although there are significant costs to security, the right strategies and tactics can reduce security risks while contributing to productivity and effectiveness. Such strategies include the application of Total Quality Management philosophy and the refinement and adoption of new technologies to improve supply chain visibility and control.

It is in the direct interest of security professionals to promote security solutions that yield traditional business benefits. When this happens, market incentives operate on the side of good security. For example, firms adopt better cargo visibility and control systems because they can increase profits. On the other hand, it is somewhat self-defeating if security professionals concentrate on their regulatory powers to mandate security solutions that produce net costs to shippers and carriers. Such actions engage market incentives against security: The tendency is to oppose, question, and delay the mandates, and even to cheat once they are imposed. For an example, one need only look at the long history of "mis-declarations" on customs forms.⁶

Section III: The Role of the G-8

Leaders of the G-8 nations can help enhance supply chain security both directly and indirectly. They can work to educate their citizens and their governments about the risks reviewed in this article. They can implement policies and practices that mitigate the tendency towards political overreaction when terrorist attacks do occur. They can address both the E and T cells from Figure 3, by sponsoring policies that enhance the efficiency of the supply chain while cutting down on the threat of terrorism and limiting the ill economic effects of security countermeasures. They can work towards a stable set of rules of the game that strikes a balance between reducing risk and protecting commerce. These measures are all a function of political leadership and will require both vision and stamina on behalf of G-8 leaders.

Some encouraging signs have already come out of various G-8 summits and meetings. At its 2002 summit, for example, the G-8 approved a document outlining "Cooperative G8 Action on Transport Security." The document called on G-8 members to work together on a variety of projects, including:

- Developing and implementing "an improved global container security regime to identify and examine high-risk containers and ensure their in-transit integrity."
- Implementing "common standards for electronic customs reporting" and encouraging non-G-8 countries to do the same.
- Supporting the installation of automatic identification systems in certain cargo vessels, and beginning to require ships and ports to upgrade their security plans and personnel.⁷

If adopted and implemented expeditiously, these measures will contribute both to security and to the smooth flow of commercial traffic. A global container security regime would involve better screening and inspecting of containers before they are loaded onto merchant ships – minimizing the risk of

security disruptions during and after the voyage. Electronic customs reporting would likewise reduce delays that impair efficiency. While automatic identification systems would add modestly to the transaction costs of global trade, they would also reduce the likelihood that a vessel would be stopped at sea for inspection, and – if done right – could actually yield efficiency benefits. These are the kinds of imaginative solutions that the G-8 nations ought to be pushing at the Sea Island summit and beyond. ♦

1. Michael Wolfe is a Principal of the North River Consulting Group. His main interest is the interplay between supply chain security, intermodal freight system productivity, and tracking technologies. His clients include government agencies, international organizations, private firms, and not-for-profit agencies. He is currently completing a market forecast for smart container technologies. The author appreciates the collaboration of Stanford's Hau Lee in developing some of the ideas in this article, and of the University of Georgia's James Holmes in pulling together the piece with a focus on the G-8.
2. Much of the material in this section is drawn from Michael Wolfe, "Freight Transportation Security and Productivity," U.S. Department of Transportation Website, April 2002, <<http://www.ops.fhwa.dot.gov/freight/intermodal/index.htm>>.
3. Michael Wolfe, "Defense Logistics: From Stovepipes to Focused Logistics, Including a Post-September 11 Epilog," U.S. Department of Transportation Website, December 2001, <<http://www.ops.fhwa.dot.gov/freight/adfrmrwk/index.htm>>.
4. One attendee at a brainstorming session on maritime security held by the Organization for Economic Co-operation and Development estimated that the detonation of a containerized WMD would halt world liner traffic for up to four months because of public demand for more security inspections. "Brainstorming Security," *Traffic World* online, March 18, 2002, <<http://www.trafficworld.com/search/index.asp>>.
5. The Council of Logistics Management published a research report designed to help firms and supply chains prepare for and cope with disasters: Omar Keith Helfferich and Robert L. Cook, *Securing the Supply Chain* (Oakbrook, IL: CLM, 2002).
6. For more on these strategies, see Hau Lee and Michael Wolfe, "Supply Chain Security Without Tears," *Supply Chain Management Review*, January 1, 2003, <<http://www.manufacturing.net/scm/index.asp?layout=articleWebzine&articleid=CA278114>>; Michael Wolfe, "Technology to Enhance Freight Transportation Security and Productivity," U.S. Department of Transportation Website, <http://ops.fhwa.dot.gov/freight/publications/security_tech_appx.htm>; Michael Wolfe and Homeland Security Research Corp., "Maritime Smart Container Market Report," forthcoming June 2004; and Michael Wolfe, "Security Must Yield an Economic Benefit," *Journal of Commerce*, December 1, 2003, <<http://www.joc.com>>.
7. Government of Canada, "Cooperative G8 Action on Transport Security," <<http://www.sars.gov.za/csi/docs/G8%20Action%20on%20Transport%20Security.pdf>>. See also "G8 Foreign Ministers Meeting in Paris, May 22-23, 2003," University of Toronto G8 Information Centre Website, <<http://www.g8.utoronto.ca/foreign/fm230503.htm>>.

Multilateralism, International Security, and the G-8

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"We are in a race between cooperation and catastrophe."

- Former Senator Sam Nunn

Introduction

The current threat posed by terrorists armed with weapons of mass destruction (WMD) should focus the mind. The threat is real, and the leaders of the Group of Eight (G-8) who are scheduled to meet at Sea Island know it. Accordingly, they should use this opportunity to do everything possible to prevent terrorists from using WMD against their homelands. If they do not do more – and do it more effectively – history will record their failure to defend against catastrophic attacks on U.S., European, or Japanese soil. Inaction is no longer an

option for the G-8 nations.

The G-8 is not an irrelevant institution in the fight against WMD terrorism. As noted by others in this issue, the 2002 summit meeting at Kananaskis scored a victory against WMD terrorism when it instituted the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. The

If they do not do more – and do it more effectively – history will record their failure to defend against catastrophic attacks on U.S., European, or Japanese soil. Inaction is no longer an option for the G-8 nations.

Evian summit in 2003 took the process a step farther, creating new G-8 bodies to take on the missions of counterterrorism and WMD nonproliferation. The Sea Island summit now has the opportunity to take another step forward with the Proliferation Security Initiative (PSI), the Secure and Facilitated Transport Initiative (SAFTI), and related efforts. But will it? Will President George W. Bush be able to lead and inspire the multilateral action required to reduce the WMD threat and promote national and international security? Will the G-8 leaders and their governments be able to muster support behind practical programs that minimize the very real threat of catastrophic terrorism?

President Bush and the Sea Island Summit

President Bush and his aides have much on their plates these days. In particular, the upheaval in the Middle East is consuming much of their time and attention. The controversies surrounding the Abu Ghraib prison scandal, the ongoing insurgency in Iraq, and Israeli plans for Gaza – all are difficult problems that require presidential attention, and will no doubt engender considerable hand-wringing and tense exchanges at the Sea Island summit. However, these issues, as important as they are, should not divert attention from what Sam Nunn aptly describes as “a race between cooperation and catastrophe,” and what Richard Lugar refers to in this issue of *The Monitor* as “the security problem of our time.” President Bush has clearly come to grasp the import of this problem during his presidency. He has spoken to the issues, and no doubt lost considerable sleep grappling with them. His February 11, 2004 address at the National Defense University (NDU) summarized his assessment. “The greatest threat before humanity today,” declared the president, “is the possibility of secret and sudden attack with chemical or biological or radiological or nuclear weapons.”

In his NDU address, President Bush made clear the policy of the United States: “America will not permit terrorists and dangerous regimes to threaten us with the world’s most deadly weapons.... We will stop these weapons from being acquired or built. We’ll block them from being transferred.” But clearly, the United States cannot accomplish these goals alone. Herein

lies the importance of the G-8 and multilateralism.

The annual G-8 summits have several advantages over other international forums. Top political leaders meet face-to-face in an informal setting. Under the right conditions, they can reach consensus swiftly compared to other institutions, and they can issue binding commitments. They can bring immense resources to bear. The G-8, then, may be the right forum to address the security problem of our time.

President Bush did some of this during his recent NDU address. Among other things, he outlined several important initiatives – all of which will require multilateral action to be effective.

First is the Proliferation Security Initiative (PSI). President Bush called for cooperative action against proliferation networks. “We need greater cooperation not just among intelligence and military services, but in law enforcement, as well,” said the president. If all of the G-8 countries can be brought on board with the initiative, and if G-8 leaders can enlist the help of other critical states, the PSI will go far towards reducing WMD-related transfers.

There are of course many sticky issues surrounding multilateral cooperation on the PSI, but serious G-8 engagement and leadership can help move the agenda forward. (Refer to the spring 2004 issue of *The Monitor* for a fuller treatment of the PSI.) Like other important multinational arrangements – the nonproliferation export control regimes come to mind – the PSI faces a contentious future. But the payoff will be worthwhile.

Second, President Bush called on all nations “to strengthen laws and international controls that govern proliferation.” In recent years the U.S. and other governments have learned sobering lessons about the need to tighten controls over the flow of dangerous technology and materials. Consider the recent revelations about A. Q. Khan, who admitted running a black market for nuclear-weapons components. Khan and his henchmen sold blueprints for centrifuges used to enrich uranium. They sold uranium hexafluoride. They used factories and associates abroad to manufacture key parts for centrifuges. A network of operatives in Europe, the Middle East, and Africa ran this illicit nuclear bazaar. The United States alone cannot eliminate international nuclear black markets. It should share intelligence and help lead, but such challenges require G-8 and multilateral action and cooperation.

Third, President Bush at NDU applauded the Nunn-Lugar program (addressed by Senator Lugar in this issue) and advocated expanding it. In the early 1990s, Senators Nunn and Lugar had the vision to devise a program that in ensuing years has dismantled part of the Soviet arsenal and secured weapons, weapons-related items, and know-how in Russia and

the former Soviet states. Forceful leadership will be needed if the Nunn-Lugar program is to expand within the G-8 and beyond. Such places as Pakistan and Libya, not to mention North Korea and Iran, demand immediate attention.

Fourth, President Bush’s NDU speech called for a safe, effective system that would assure the peaceful use of nuclear power without contributing to weapons proliferation. He called on the 40 nations of the Nuclear Suppliers Group to “refuse to sell enrichment and reprocessing equipment and technologies to any state that does not already possess full-scale, functioning enrichment and reprocessing plants.” Mustering support for such an initiative promises to be difficult and controversial. G-8 engagement and multilateral leadership could help surmount the political obstacles to an agreement.

Lastly, President Bush called for a number of actions to strengthen the International Atomic Energy Agency (IAEA). He urged governments to assent to the Additional Protocol to the Non-Proliferation Treaty, which requires states to declare a range of nuclear activities and facilities and to allow the IAEA to inspect those facilities without advance notice. He called for the creation of an IAEA board to focus intensively on safeguards and verification. And he advocated forbidding governments under investigation for proliferation violations to serve on the IAEA Board of Governors.

President Bush concluded his address by noting, “As we move forward to address these challenges we will consult with our friends and allies.... We will listen to their ideas.... over the last two years, a great coalition has come together to defeat terrorism and to oppose the spread of weapons of mass destruction.”

A great coalition? In truth, much more needs to be done to forge an effective coalition against weapons proliferation. But it is possible; and institutions such as the G-8 can make it more likely. The G-8 must be used, and used more effectively. Leadership is required, and although President Bush and the other leaders will have far too little time to address these issues at Sea Island, they can lead by speaking loudly and clearly about what needs to be done. They can be resolute in demanding that their ministers and bureaucracies get it done. They can explain the perils of a world of catastrophic terrorism and rally their populations for the challenges ahead.

In sum, when they convene at Sea Island, President Bush and the G-8 leaders should make every effort to call attention to the issues of WMD terrorism and proliferation. If the G-8 and other multilateral institutions fail to act on the recommendations offered in the pages of this issue of *The Monitor* and elsewhere, the likelihood of catastrophic terrorism will grow commensurately. We truly are in a race between cooperation and catastrophe. ♦