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NONPROLIFERATION

U.S. Agencies Have Taken Some Steps, but More Effort Is Needed to Strengthen and Expand the Proliferation Security Initiative





Highlights of [GAO-09-43](#), a report to congressional committees

Why GAO Did This Study

The President announced the Proliferation Security Initiative (PSI) in 2003 to enhance U.S. efforts to prevent the spread of weapons of mass destruction. In a 2006 classified report, GAO recommended that agencies establish clear PSI policies and procedures and performance indicators. In 2007, Congress enacted a law calling for the administration to expand and strengthen PSI and address GAO's prior recommendations.

This report assesses (1) the extent to which the administration issued a PSI directive and submitted required PSI-related reports to Congress; (2) steps U.S. agencies have taken to establish clear PSI policies and procedures, structures, budgets, and performance indicators; and (3) U.S. agencies' efforts to increase cooperation and coordination with PSI countries and develop a strategy to resolve interdiction issues.

GAO reviewed and analyzed agency documents and interviewed officials from the Departments of State (State), Defense (DOD), and other agencies with PSI responsibilities.

What GAO Recommends

GAO recommends that (1) relevant law enforcement agencies establish clear policies, procedures, and indicators to support PSI activities, and (2) DOD and State take steps to increase cooperation and coordination between the United States and certain PSI countries. DHS and FBI concurred with our first recommendation, and DOD and State concurred with our second recommendation.

To view the full product, including the scope and methodology, click on [GAO-09-43](#). For more information, contact Joseph A. Christoff at (202) 512-8979 or christoffj@gao.gov.

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U.S. Agencies Have Taken Some Steps, but More Effort Is Needed to Strengthen and Expand the Proliferation Security Initiative

What GAO Found

The administration has not issued a PSI directive that directs U.S. agencies to take actions to strengthen PSI activities, such as establishing clear PSI structures. The administration also has not submitted a required budget report to Congress, describing its funding for past and future PSI-related activities. Five months after the February 2008 mandated issuance date, the administration issued a report describing steps agencies have taken to implement the provisions called for in the law. However, this report does not fully specify the steps taken to implement GAO's previous recommendations or other provisions called for in the law.

DOD has taken more steps to address the law's provisions, such as establishing clear PSI policies and procedures, than State or law enforcement agencies. However, none of the agencies has established performance indicators to measure the results of PSI activities. Consistent with internal controls, establishing clear PSI policies and procedures and indicators to measure results will help the agencies better organize their PSI activities. DOD has taken steps to clarify its PSI policies and procedures and has established a support office to improve DOD's participation in PSI exercises. However, uncertainties in DOD's policies and procedures remain about how to incorporate law enforcement agencies into PSI exercises. Even though PSI activities are increasingly focused on law enforcement issues, State and U.S. law enforcement agencies do not all have the policies, procedures, or budgets that would facilitate their participation in PSI. While State and law enforcement agencies, such as Customs and Border Protection (CBP), the Federal Bureau of Investigation (FBI), and Coast Guard, have some PSI structures in place, only CBP has written PSI guidance establishing agency roles and responsibilities; other law enforcement agencies have not taken similar steps.

U.S. agencies have made efforts to increase cooperation and coordination with PSI countries through multilateral PSI planning meetings, exercises, and other outreach. However, these efforts have focused mostly on the 19 other leading PSI countries that attend multilateral meetings. U.S. agencies have not built relationships in the same way with more than 70 PSI countries not invited to attend the multilateral meetings. Agency officials acknowledged that more needs to be done to directly engage these countries. In addition, State and DOD have not developed a written strategy to resolve interdiction issues, as GAO previously recommended.

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Abbreviations

CARICOM	Caribbean Community
CBP	Customs and Border Protection
COCOM	Combatant Command
CPI	Office of Counter Proliferation Initiatives
DHS	Department of Homeland Security
DOD	Department of Defense
FBI	Federal Bureau of Investigation
GWOT	Global War on Terror
INA	Office of International Affairs
ISN	International Security and Nonproliferation
OEG	Operational Expert Group
OSD	Office of the Secretary of Defense
PSI	Proliferation Security Initiative
WMD	weapons of mass destruction

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United States Government Accountability Office
Washington, DC 20548

November 10, 2008

Congressional Committees:

The proliferation of weapons of mass destruction (WMD), their delivery systems, and related materials poses a serious threat to the peace, security, and stability of the global community. The threat of WMD proliferation was underscored in 2002 when the United States and its allies encountered difficulties in seizing a shipment of North Korean missiles bound for Yemen. In December 2002, the U.S. administration released its “National Strategy to Combat Weapons of Mass Destruction,” which called for a comprehensive approach to countering such threats. The President subsequently announced the Proliferation Security Initiative (PSI) in May 2003. According to the Department of State (State), PSI aims to enhance and expand our efforts to prevent the flow of WMD, their delivery systems, and related materials on the ground, in the air, and at sea, to and from states and nonstate actors of proliferation concern.

In September 2006, we issued a classified report on the PSI.¹ The report found that U.S. agencies did not have the policies and procedures in place to plan and manage their PSI activities or performance indicators required to measure the results of PSI activities. Accordingly, we recommended that the Secretaries of Defense and State better organize their efforts for performing PSI activities, including establishing clear PSI policies and procedures and indicators to measure the results of PSI activities. In addition, we recommended that the two departments develop a strategy to work with PSI-participating countries to resolve interdiction issues.²

In August 2007, Congress passed the Implementing Recommendations of the 9/11 Commission Act of 2007 (here and after, “the law”), which specified that the President and relevant agencies and departments take a variety of actions to expand and strengthen PSI, including implementing

¹See GAO, *Better Controls Needed to Plan and Manage Proliferation Security Initiative Activities*, GAO-06-937C (Washington, D.C.: September 2006).

²The Department of Defense (DOD) did not concur with both recommendations, and State did not concur with the first recommendation.

our recommendations.³ Under a sense of Congress provision of the law, the President is called upon to issue a directive to U.S. agencies to take actions to expand and strengthen PSI. The law calls upon U.S. agencies to take specific actions, namely to establish clear PSI policies and procedures, structures, funding, and performance indicators to measure the results of PSI activities; increase cooperation and coordination with PSI countries; and develop a strategy to resolve interdiction issues. The law required the President to submit a PSI implementation report by February 2008 to relevant congressional committees. State and DOD are required to submit a comprehensive joint budget report to Congress for each fiscal year describing U.S. funding and other resources for PSI-related activities. Finally, Congress required GAO to assess and report on the effectiveness of PSI, including the progress made in implementing the provisions of the law.

Based on these provisions, we examined the actions that the administration and relevant U.S. agencies have taken to expand and strengthen PSI. Specifically, this report assesses the (1) extent to which the administration issued a PSI directive and submitted to Congress the required PSI-related reports; (2) steps U.S. agencies have taken to establish clear PSI policies and procedures, structures, budgets, and performance indicators; and (3) efforts U.S. agencies have made to increase cooperation and coordination with PSI countries and develop a strategy to resolve interdiction issues.

To address these objectives, we reviewed and analyzed U.S. agency management reports, cables, and other documents. We interviewed officials from the Departments of State, Defense, Homeland Security, Justice, and other agencies with PSI responsibilities, including officials and military personnel at five Combatant Commands: (1) Central Command, (2) European Command, (3) Africa Command, (4) Southern Command, and (5) Strategic Command's Center for Combating WMD. We also conducted structured interviews with U.S. agency officials and military personnel who have attended multilateral PSI planning meetings of WMD proliferation experts. At these multilateral meetings—referred to as Operational Expert Group meetings—experts from the United States and 19 other leading PSI countries consider ways to enhance the WMD interdiction capabilities of PSI participants, plan PSI exercises, and build

³Pub. L. No. 110-53, Sec. 1821. Section 1821 includes a nonbinding sense of Congress provision, as well as binding provisions.

support for the initiative.⁴ Appendix I provides more details on our objectives, scope, and methodology.

We conducted this performance audit from November 2007 to November 2008, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

The administration has not issued a directive for PSI called for in the law or submitted the PSI budget report required by the law; however, it has submitted to Congress the required PSI implementation report. First, the administration has not issued a directive directing U.S. agencies to take actions, such as establishing clear PSI structures. In its implementation report to Congress in July 2008,⁵ the administration stated it is unnecessary to issue a directive for PSI because it believes that an existing WMD interdiction process, documented in an 8-page 2002 National Security Presidential Directive, already addresses the relevant issues that would be covered under a PSI directive. However, this process predates the creation of PSI and does not cover U.S. agencies' involvement in three broad PSI activities: multilateral planning meetings, exercises, and other outreach efforts. Second, the administration has not submitted the joint budget report to Congress that was to be prepared by the Secretaries of State and Defense and was due in February 2008. The budget report must describe the administration's funding and other resources for PSI-related activities over a specified period of time. Third, the administration has issued an implementation report, required by the law, to describe the steps agencies have taken to implement the provisions of the law. However, this

⁴The 20 leading PSI countries who attend multilateral PSI planning meetings are Argentina, Australia, Canada, Denmark, France, Germany, Greece, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Singapore, Spain, Turkey, the United Kingdom, and the United States. In this report, these countries are referred to as the "leading PSI countries" because only they attend the multilateral PSI planning meetings held three to four times annually. At these meetings, delegations of experts from these 20 countries meet to decide how to build support for the initiative, consider ways to enhance the WMD interdiction capabilities of all PSI countries, share ideas to strengthen legal authorities to interdict, and discuss hosting and participating in PSI exercises.

⁵See *Report to Congress on Implementation of the Proliferation Security Initiative*, Pub. L. No. 110-53, Sec. 1821, July 2008.

report was issued in July 2008, rather than February 2008, and does not fully specify the steps taken to implement GAO's previous recommendations or other provisions of the law. Our assessment of U.S. agencies' performance in implementing the provisions of the law shows that the agencies have taken some steps, but more effort is needed to strengthen and expand U.S. PSI activities.

DOD has taken more steps to address some of the law's provisions, such as establishing clear PSI policies and procedures, than State or law enforcement agencies; however, none of the agencies has established performance indicators to measure the results of PSI activities. Consistent with internal controls, establishing clear PSI policies and procedures and indicators to measure results will help the agencies better organize their PSI activities. DOD has taken some steps to establish PSI policies and procedures, but uncertainties remain about incorporating law enforcement agencies into PSI exercises. DOD has established some structures to implement its PSI policies, such as a PSI support office designed to improve DOD's participation in PSI exercises and an informal interagency working group that sets priorities for U.S. agencies' involvement in multilateral PSI planning meetings. DOD established an \$800,000 annual budget (starting fiscal year 2008) to offset the costs of adding a PSI component into existing DOD exercises, but DOD staff responsible for arranging PSI exercises stated that this budget is inadequate to support stand-alone PSI exercises or large exercise planning conferences. State and U.S. law enforcement agencies do not all have the policies, procedures, or budgets in place to facilitate their participation in PSI activities, even though PSI activities are increasingly focused on law enforcement issues. Although State has an existing structure, it has not established written policies and procedures or a budget to facilitate its participation in PSI activities. While relevant law enforcement agencies such as Customs and Border Protection (CBP), the Federal Bureau of Investigation (FBI), and Coast Guard have some basic structures in place, only CBP has written PSI guidance establishing agency roles and responsibilities; other law enforcement agencies have not taken similar steps. None has established PSI funding lines in its annual budgets. Although CBP and FBI officials stated that they have small travel budgets for fiscal year 2008 to facilitate participation in PSI activities, these officials stated that additional funding may be needed to support important PSI activities, such as hosting PSI exercises, training, or

workshops.⁶ Furthermore, U.S. agencies have not established performance indicators to measure the results of PSI activities.

U.S. agencies have made efforts to increase cooperation and coordination through multilateral PSI planning meetings, exercises, and other outreach with the 19 other leading PSI countries that attend the multilateral meetings. However, U.S. agencies have not built relationships in the same way with their counterparts from the more than 70 PSI countries not invited to attend the meetings and have not developed a written strategy to resolve interdiction issues, as we recommended in 2006.⁷ First, U.S. agencies have primarily focused on the 19 other leading PSI countries that attend multilateral PSI planning meetings to consider ways to improve WMD interdiction capabilities and plan PSI exercises. Agency officials stated that the United States has used these multilateral meetings, and related bilateral meetings, to build relationships with their foreign counterparts. However, U.S. agencies have not built relationships in the same way with their counterparts from the more than 70 PSI countries that are not invited to the meetings. Second, U.S. agencies have made efforts to increase cooperation and coordination with PSI countries through exercises, but these exercises do not always involve countries from among the more than 70 PSI countries that are not invited to attend the multilateral meetings. The 20 PSI leading countries have established a schedule of PSI exercises to practice and enhance collective capabilities to interdict suspected WMD cargoes shipped by sea, air, and land. From September 2003 through September 2008, 21 countries have led 36 PSI exercises. However, only 6 of the 36 exercises were hosted or cohosted by countries from among the more than 70 PSI countries who are not invited to attend the multilateral meetings. Third, U.S. agencies have undertaken other outreach activities to increase cooperation and coordination with PSI countries. For example, State sponsored a fifth anniversary conference for PSI countries in May 2008 and is continuing to seek PSI shipboarding arrangements with other countries. Also, the FBI sponsored a workshop in 2006 to train law enforcement officials from PSI countries

⁶CBP officials stated that, since they hosted a workshop in 2005, they have not been asked to host any exercises or workshops so they have not had to request funding to host such events.

⁷According to State, more than 90 countries currently support PSI. More than 70 of these PSI countries do not attend multilateral PSI planning meetings, and some of these countries might be located along routes of WMD proliferation concern, or have other strategic importance to international WMD interdiction efforts. For a full list of countries supporting PSI, according to State, see appendix V.

to identify WMD items. However, only representatives from the 19 other leading PSI countries were invited to attend the workshop. Agency officials acknowledged that more needs to be done to directly engage the more than 70 countries that are not invited to attend the multilateral meetings. Finally, State and DOD have not developed a written strategy to resolve interdiction issues, as GAO previously recommended. Agency officials stated that the involvement of the U.S. delegation at the multilateral meetings is part of an attempt to resolve these issues.

This report makes two recommendations. First, we recommend that relevant law enforcement agencies, such as CBP and Coast Guard (both within the Department of Homeland Security [DHS]) and FBI establish clear PSI policies, procedures, and performance indicators to support PSI activities. Second, we recommend that DOD in cooperation with State increase cooperation, coordination, and information exchange between the United States and the more than 70 PSI countries who are not invited to attend multilateral PSI planning meetings.

We received written comments on a draft of this report from State, DOD, and FBI within the Department of Justice (Justice) that are reprinted in appendixes VI, VII, and VIII; we also received e-mail comments from DHS. DHS and FBI concurred with our first recommendation and State and DOD concurred with our second recommendation.

DHS concurred with our first recommendation and provided a Planned Corrective Action for CBP that CBP will update its PSI directive and implementation plan, including adding appropriate performance indicators and milestones. FBI also concurred with our first recommendation and described some steps being taken to mitigate the issues.

DOD concurred with our second recommendation and stated that it has already taken several steps to implement it. State also concurred with our second recommendation, recognizing the need to deepen the involvement and knowledge of all PSI endorsing countries and stating that it is undertaking new efforts to address this need. State said that foremost among future plans of the leading PSI countries that attend the multilateral meetings is to focus on regional PSI activities and outreach workshops to increase the participation of those PSI countries who are not invited to attend the multilateral meetings.

We also received technical comments from State and DHS, which we have incorporated throughout the report where appropriate.

Background

PSI is a multinational effort to prevent the trafficking of WMD, their delivery systems, and related materials to and from states and nonstate actors of proliferation concern. The PSI has no formal organization or bureaucracy. U.S. agencies are involved in the PSI as a set of activities, rather than a program. PSI encourages partnership among states to work together to develop a broad range of legal, diplomatic, economic, military, law enforcement, and other capabilities to prevent WMD-related transfers to states and nonstate actors of proliferation concern. International participation is voluntary, and there are no binding treaties on those who choose to participate. Countries supporting PSI are expected to endorse PSI principles, embodied in six broad goals in the Statement of Interdiction Principles of September 2003 (see app. II) by a voluntary, nonbinding “political” commitment to those principles and to voluntarily participate in PSI activities according to their own capabilities. According to the principles, PSI participants use existing national and international authorities to put an end to WMD-related trafficking and take steps to strengthen those authorities, as necessary.

The U.S. government’s PSI efforts involve three broad activities: multilateral PSI planning meetings (referred to as Operational Expert Group meetings), participation in PSI exercises, and other outreach efforts such as workshops and conferences.⁸ According to State, at multilateral PSI planning meetings, military, law enforcement, intelligence, legal, and diplomatic experts from the United States and 19 other PSI countries meet to explore and consider operational ways to enhance the WMD interdiction capabilities of PSI participants, build support for the initiative, develop operational concepts, organize PSI exercises, and share information about national legal authorities. The policy office in the Office of the Secretary of Defense heads the U.S. delegation to these multilateral meetings.

PSI exercises vary in size and complexity, and some involve military personnel and assets from participating PSI countries. Some exercises do not involve any military assets but instead examine the use of law enforcement or customs authorities to stop WMD proliferation. Other exercises are “tabletop” exercises or simulations, which explore scenarios and determine solutions for hypothetical land, air, or sea interdictions.

⁸According to State officials, the U.S. government’s PSI efforts also involve working with partner states on interdictions. We discussed interdiction cases in our 2006 classified report.

Among the most visible PSI exercises are those that combine a tabletop and a live interdiction exercise using military assets from multiple PSI countries, such as practicing the tracking and boarding of a target ship. Outreach efforts include workshops, conferences, and other meetings that relevant U.S. officials said they engage in to support PSI goals and bilateral PSI shipboarding agreements that the United States concludes with other states.

The Administration Has Not Issued Two of Three PSI Documents Called for or Required in Law

The administration has not issued the directive, as called for by a sense of Congress provision in the law, that directs U.S. agencies to take actions to improve PSI activities, such as establishing clear structures. In addition, the administration has not submitted a PSI budget report for fiscal year 2009 detailing PSI-related expenditures in the past 3 fiscal years and a plan for the next 3 years. In July 2008, the administration submitted to Congress a PSI implementation report that was required by law to be issued in February 2008.

The Administration Has Not Issued a Directive Directing U.S. Agencies to Take Actions Specified in Law to Expand and Strengthen PSI

The administration has not issued a directive to U.S. agencies that perform PSI functions to take actions to expand and strengthen PSI, as called for by a sense of Congress provision in the Implementing Recommendations of the 9/11 Commission Act of 2007.⁹ Multiple U.S. agencies, including State, DOD, and law enforcement agencies such as CBP and FBI, perform PSI-related activities for the United States. Section 1821(a) of Pub. L. No. 110-53 contains a sense of Congress that a presidential directive should be issued to direct these agencies to take actions such as establishing clear PSI structures, incorporating a PSI budget request in each agency's fiscal year budget request, and providing other resources necessary to achieve better performance of U.S. PSI-related activities.

The administration, in its implementation report to Congress in July 2008, asserted that it is unnecessary to issue a directive for PSI. The administration believes that an existing WMD interdiction process, as documented in an 8-page 2002 National Security Presidential Directive, addresses the relevant issues that would be covered under a PSI directive. The existing WMD interdiction process covers how U.S. agencies should coordinate U.S. government efforts to conduct WMD interdictions. However, this process predates the creation of PSI and does not cover U.S.

⁹Pub. L. No. 110-53, Sec. 1821 (a) (1).

agencies' involvement in three broad PSI activities: multilateral planning meetings, exercises, and other outreach efforts. According to the administration, the President launched PSI in 2003 because of the recognition that stopping WMD proliferation is a task the United States cannot accomplish by itself. U.S. involvement in PSI activities, while complementing U.S. agencies' participation in WMD interdictions, is focused on the diplomatic and educational outreach efforts of the U.S. government to other countries to strengthen their interdiction capabilities and efforts.

The Administration Has Not Submitted a PSI Joint Budget Report to Congress for 2008

The administration has not submitted a PSI joint budget report for fiscal year 2009, as required by the law.¹⁰ Specifically, the law required the Secretaries of State and Defense to submit an unclassified comprehensive joint budget report to Congress in each year for which the President submits a PSI budget request, with the first report due in February 2008. The joint budget report should contain the following:

- A 3-year plan, beginning with the fiscal year for which the budget is requested, specifying the amount of funding and other resources the United States would provide for PSI-related activities and the purposes for such funding and resources over the term of the plan.
- For the 2008 report, a description of the PSI-related activities carried out during the 3 fiscal years preceding the year of the report, and for 2009 and each year thereafter, a description of PSI-related activities carried out during the fiscal year preceding the year of the report.
- Other information that the Secretaries of State and Defense determine should be included to keep Congress fully informed of PSI operations and activities.

Agency officials stated that they were in the process of preparing the budget report, but they did not provide an estimated completion date.

¹⁰Pub. L. No. 110-53, Sec. 1821 (b).

The Administration Issued a PSI Implementation Report to Congress, but It Was Late and Does Not Fully Specify Steps Taken to Implement Provisions of the Law

The administration issued a required PSI implementation report to Congress in July 2008, 5 months after the mandated issuance date of February 2008.¹¹ In addition, the report does not fully specify the steps taken to implement GAO's previous recommendations or other provisions of the law.¹² The law required the administration to issue an implementation report to Congress describing the steps it had taken to implement the recommendations contained in our classified September 2006 report and the progress it has made toward implementing the other actions contained in the sense of Congress provisions of the law.¹³

In our September 2006 report, we made two recommendations. First, we recommended that the administration better organize its efforts for performing PSI activities, including establishing clear PSI policies and procedures and indicators to measure the results of PSI activities. Second, we recommended that the administration develop a strategy to work with PSI-participating countries to resolve interdiction issues. The agencies did not concur with our recommendations. Their reasons are discussed in our classified report. The administration's 2008 implementation report reiterates the agencies' nonconcurrence with our prior recommendations. While the implementation report primarily described the administration's activities with the 19 other leading countries that attend the multilateral PSI planning meetings, it did not specify the steps taken to develop a comprehensive strategy for resolving interdiction issues with PSI-participating countries.¹⁴

Also, under a sense of Congress provision in the law, the administration is called upon to issue a PSI directive, increase cooperation with all countries, and increase coordination and cooperation with PSI-participating countries. The implementation report did not fully specify the steps taken to implement these other provisions of the law. The report stated that the administration did not consider it necessary to issue a PSI directive because it believes that an existing WMD interdiction process

¹¹Pub. L. No. 110-53, Sec. 1821 (c).

¹²See *Report to Congress on Implementation of the Proliferation Security Initiative*, Pub. L. No. 110-53, Sec. 1821, July 2008.

¹³The other provisions are detailed in Pub. L. No. 110-53, Sec. 1821, paragraphs (1), (2), and (4) of subsection (a).

¹⁴While the agencies did not concur with these two recommendations, the law called on the agencies to implement GAO's recommendations.

already addresses the relevant issues. However, this existing WMD interdiction process is not responsive to the provisions of the Implementing Recommendations of the 9/11 Commission Act of 2007. As previously noted, it predates the creation of PSI and does not cover U.S. agencies' involvement in three broad PSI activities: multilateral planning meetings, exercises, and other outreach efforts.

DOD Has Taken More Steps than Other U.S. Agencies to Address the Law's Provisions, but None Has Established Indicators to Measure PSI Results

DOD has taken more steps to address some of the law's provisions, such as establishing clearer PSI policies and procedures, structures, and budgets, compared with other agencies such as State and law enforcement agencies. State and U.S. law enforcement agencies do not all have the policies, procedures, or budgets in place to facilitate their participation in PSI activities, despite the need for greater involvement of U.S. law enforcement agencies to address PSI law enforcement issues. Furthermore, U.S. agencies have not established performance indicators to measure the results of PSI activities.

DOD Has Taken Some Steps to Clarify PSI Policies and Procedures for PSI Activities, but Uncertainties Remain

DOD has taken some steps to establish PSI policies and procedures for U.S. military support to PSI, specifically by encouraging Combatant Commands (COCOM) to incorporate PSI components into existing DOD exercises when resources or mission requirements permit. However, uncertainties remain about how to incorporate law enforcement agencies into PSI exercises and track PSI expenditures. Consistent with internal controls, establishing clear PSI policies and procedures will help the agencies better organize their PSI activities. COCOMs generally plan, implement, and pay for military exercises in their area of responsibility. According to agency officials, in the past, DOD Joint Staff encouraged the COCOMs to implement PSI exercises in addition to their scheduled standard DOD exercise program. As a result, financial and logistical pressures of planning and implementing PSI exercises outside their standard exercise program discouraged COCOM participation in PSI exercises. In March 2007, DOD Joint Staff revised its guidance to direct COCOMs to leverage the staff, assets, and resources of the existing DOD exercise program in support of PSI exercises. Joint Staff guidance is the primary document setting forth PSI policy and provides procedures, including roles and responsibilities, for the planning and execution of U.S. military support to PSI. The guidance encourages COCOMs to put a PSI

component into existing DOD exercises and establishes a small office that will assist COCOMs in planning and executing a PSI component.¹⁵

According to agency officials, COCOMs generally plan to include PSI components, such as PSI-focused interdictions and boardings, into their existing multinational exercises that regularly practice these activities and intend to increase the complexity of PSI components in the future. For example, since 2006, Southern Command has included a PSI component in its multinational military exercise designed to defend the Panama Canal against a terrorist-based threat. Agency officials stated that there is no significant cost for including an additional PSI interdiction scenario. This strategy helps to relieve COCOMs from developing and paying for a stand-alone PSI exercise with their operational funds and, therefore, allows COCOMs to exercise PSI objectives more frequently.¹⁶

However, placing a PSI component in a strictly military exercise does not allow COCOMs to exercise law enforcement issues and interagency coordination. To address these issues, COCOMs can plan stand-alone PSI exercises and computer-based or gaming exercises. In one case, a COCOM is planning a stand-alone PSI exercise that will address law enforcement issues, such as seizure and disposal of cargo, and interagency participation. DOD officials stated that it also plans to examine these and other law enforcement concerns in greater detail through gaming and simulation exercises. In February 2008, DOD conducted such a simulation using a U.S. shipboarding agreement with Malta. In June 2007, DOD sponsored a PSI game at the Naval War College to test national interagency processes to interdict WMD-related materials and to address

¹⁵DOD is also in the process of revising its Weapons of Mass Destruction Maritime Interdiction Execution Order, designed to strengthen national WMD interdiction capabilities by including COCOMs in the decision-making process. Based on these revisions, COCOMs will change the design and implementation of existing WMD exercises as most of these exercises involve interdiction scenarios.

¹⁶Stand-alone exercises typically include both a live exercise and a simulated computer or tabletop component. The live portion requires assets, such as a ship or a helicopter to interdict and board a suspected vessel. During the simulated portion, participants discuss issues that cannot be incorporated into the live portion, such as the disposition of seized cargo.

post-interdiction issues, such as disposition of seized cargo and prosecution of proliferators.¹⁷

Although COCOM officials generally report having clear roles and responsibilities in incorporating PSI components, they lack guidance on how to incorporate law enforcement issues into military exercises and track PSI expenditures. The revised Joint Staff guidance does not clearly address some areas of COCOM responsibility. For example, to facilitate interagency involvement, the revised Joint Staff guidance encourages COCOMs to include law enforcement agencies in exercise planning, but the guidance does not provide specifics on how to liaise with law enforcement agencies. Some COCOM officials stated that they need clear guidance on how to exercise the disposition of cargo and other law enforcement issues. Direct coordination with either domestic or foreign law enforcement agencies is outside of normal COCOM military function. In one case, a PSI exercise was hosted by foreign law enforcement agencies, but a DOD official stated that they did not have clear guidance on how to coordinate U.S. military participation with U.S. and foreign law enforcement agencies. Also, Joint Staff guidance calls upon COCOMs to track PSI expenditures, personnel, and military assets used in support of PSI activities. However, some COCOM officials stated that they typically do not track these types of expenditures, except for PSI-related travel costs for COCOM staff. For example, while COCOMs may submit to Joint Staff the costs for travel to exercise planning conferences or a PSI exercise site, as well as travel cost estimates for future activities, they typically do not submit other costs expended on PSI stand-alone exercises or PSI components of existing DOD exercises.

DOD Has Established Some PSI Structures and Budget

DOD has structures in place at the Office of the Secretary of Defense (OSD), the Joint Staff, and the COCOMs to coordinate its involvement in PSI activities. Within OSD, the Deputy Assistant Secretary of Defense for Counternarcotics, Counterproliferation, and Global Threats leads the U.S. interagency delegation to multilateral PSI planning meetings and coordinates with Joint Staff on U.S. participation in PSI-related live and tabletop exercises. Joint Staff assists with exercise planning and provides

¹⁷In DOD's letter commenting on a draft of this report, DOD stated that in October 2009 Central Command will host a PSI exercise inviting PSI countries from the region. Among the countries that Central Command plans to invite are those countries from the region that are not normally invited to attend the multilateral PSI planning meetings. This exercise will integrate nonmilitary elements of interdiction into the design of the exercise.

COCOMs with policies and procedures to direct their participation in PSI activities. Joint Staff also can provide COCOMs with information gathered at multilateral PSI planning meetings to keep them informed on PSI-related developments. COCOMs plan, implement, and participate in PSI stand-alone exercises or existing DOD exercises with PSI components based on their mission priorities and available resources.

DOD also has established an office to further support COCOM involvement in PSI exercises and produce guidance on how to achieve this goal. The March 2007 Joint Staff guidance directed Strategic Command to develop a “PSI Support Cell” that educates COCOMs regarding the process of putting a PSI component into an existing DOD exercise and helps develop exercise scenarios that meet objectives developed at multilateral PSI planning meetings. COCOM officials reported that they have collaborated with the cell to incorporate PSI components into two existing DOD exercises and, in one case, it improved the exercise’s sophistication. COCOM officials also reported that they use the cell’s secure Web portal, which integrates information for planning and implementing PSI exercises, such as scenarios and lessons learned from previous PSI exercises. The PSI support cell is drafting an exercise planning handbook that will detail guidelines and best practices for use by COCOMS in designing and conducting multilateral PSI exercises. DOD also has created public affairs guidance to publicize exercises and other PSI activities in U.S. and international media.

OSD established an interagency working group that sets priorities for U.S. agencies involved in multilateral PSI planning meetings. This interagency working group leverages capabilities and resources of U.S. agencies participating in PSI activities. Through this working group, OSD provides input to the host of the multilateral meeting on the agenda and determines which agencies will participate in the U.S. delegation. Before the multilateral PSI planning meeting, OSD ensures that the U.S. delegation coordinates and cooperates to reach a consensus on PSI-related issues and resolves any disagreements. OSD requests relevant U.S. agencies to submit briefings on agenda topics and circulates them to staff involved in PSI to receive feedback before clearing them for presentation at the multilateral meeting. After the multilateral meeting, OSD also oversees the process of delegating tasks to relevant U.S. agencies and keeps track of their progress. Agency officials reported that this informal interagency working group is valuable because it is a regular channel for exchanging information about PSI and setting priorities identified at multinational PSI planning meetings among all U.S. agencies that support PSI activities.

DOD has established an annual budget to offset COCOM costs of adding a PSI component into existing DOD exercises and other PSI-related expenses. However, COCOM staff responsible for arranging PSI exercises stated that this funding level is inadequate to support stand-alone PSI exercises. DOD has created an \$800,000 annual budget (starting fiscal year 2008) that can be used by COCOMs for variety of PSI-related activities, including upgrades to equipment used in interdictions and to engage subject matter experts. Some COCOMs stated that this funding helped them to attend multilateral PSI planning meetings, exercise planning conferences, and other PSI events. These funds are not available, however, to other U.S. agencies to host PSI events, such as PSI workshops or other outreach events, or to cover any foreign country's costs to participate in PSI activities. Some COCOM officials responsible for arranging PSI exercises stated that the \$800,000, which DOD has established out of operations and maintenance funds, is sufficient to fund less-expensive PSI activities, such as adding PSI components into existing DOD exercises, hosting computer-simulated games or tabletop exercises. However, this funding is inadequate to cover the costs of stand-alone PSI exercises or large exercise planning conferences, according to these officials. For example, one COCOM reported that it will need to request additional funds from DOD or find additional operational funds to host a stand-alone PSI exercise in the next 2 years. Otherwise, the COCOM will have to reduce the scope of the exercise.

State Has an Existing Structure but Does Not Have Policies, Procedures, or a Budget in Place for PSI Activities

Although State has an existing structure, it has not established written policies and procedures or developed a budget to facilitate its participation in PSI activities. State placed responsibility for PSI in the Office of Counter Proliferation Initiatives (CPI) within the bureau of International Security and Nonproliferation (ISN).¹⁸ CPI handles a number of WMD and related issues, in addition to PSI, and is primarily involved in PSI's diplomatic outreach. Besides a mission statement that describes roles of CPI's PSI activities, State has not created policies or procedures, consistent with internal controls, regarding PSI-related activities. Also, State has not established a separate funding line for PSI in its annual budget but uses operational funds to travel to PSI activities. State stated that its operating funds are sufficient for its officials' involvement in PSI

¹⁸ISN was formed as a result of a 2005 State reorganization that combined nonproliferation and arms control issues under one bureau.

activities, and it will continue to evaluate any funding requests for PSI in accordance with established department budget procedures.

Law Enforcement Agencies Have Existing Structures, but Not All Agencies Have Policies, Procedures, or Budgets in Place for PSI Activities

Although relevant law enforcement agencies such as CBP, FBI, and Coast Guard have some basic structures in place, only CBP has written policies and procedures, and none has established PSI funding lines in their annual budgets to facilitate participation in PSI activities. CBP's Office of International Affairs (INA) has the programmatic lead for the agency's contributions to PSI. Several personnel from other CBP offices coordinate on legal, intelligence, and operational issues to facilitate support of PSI activities. CBP has issued a PSI directive specifying roles and responsibilities of INA and related program offices. CBP also created an implementation plan that establishes the agency's leadership role among law enforcement agencies in PSI and specifies strategies to achieve this and other PSI-related goals, including participating in PSI exercises and hosting trainings and workshops. CBP has a limited budget, used mostly for travel to PSI multilateral meetings from existing agency operational funds, but budget constraints could limit the extent of CBP's participation in PSI activities. According to agency officials, CBP's internal budget for travel to multilateral PSI planning meetings and exercises was cut from about \$100,000 in fiscal year 2007 to about \$50,000 in fiscal year 2008. CBP officials stated that additional funds may be needed to host exercises or workshops, or aid CBP's outreach to industry, as stated in the goals of its implementation plan.

FBI has delegated its PSI responsibility to the Counter Proliferation Operations Unit within the WMD directorate and has one staff member dedicated part-time to PSI activities. However, this unit has not created policies and procedures for PSI-related activities. Coast Guard participates in multilateral PSI meetings and exercises through its Office of Law Enforcement, Operations Law Division, and Office of Counterterrorism and Defense Operations. The Office of Law Enforcement and the Operations Law Division also work with State to arrange bilateral PSI shipboarding agreements to conduct interdictions at sea. However, the Coast Guard also has not established policies and procedures to guide its involvement in PSI activities.

The FBI has budgeted \$40,000 to support staff travel costs to PSI meetings and exercises for fiscal year 2008 but has generally been funding PSI workshops and training exercises on an ad hoc basis. Agency officials stated that additional funding would be needed to host exercises or workshops. Also, the FBI made a special request for a fiscal year 2008

Global War on Terror (GWOT) grant of about \$700,000 to fund training for some PSI countries on how to enhance their national interagency decision-making processes and WMD interdiction capabilities. However, FBI officials noted that this type of grant will probably not be available for PSI activities next fiscal year. The Coast Guard has not established a PSI funding line and uses operational funds to travel to PSI activities.

PSI exercises, multilateral PSI planning meetings, and workshops are increasingly focused on law enforcement issues, including customs enforcement, and legal authorities to detain and dispose of cargo. Agency officials said that law enforcement agencies are key participants in PSI activities since shipboardings and cargo inspections are conducted by those agencies. For example, CBP and Coast Guard assisted New Zealand with developing a PSI exercise hosted by New Zealand in September 2008. According to agency officials, this was the first live PSI exercise mostly focused on law enforcement issues. Agency officials stated that law enforcement agencies of other countries, instead of their militaries, are increasingly participating in PSI exercises. According to agency officials, it can be challenging to find countries willing to exercise PSI law enforcement issues with the U.S. military in an existing DOD exercise. Constitutions or political considerations of some countries preclude their military's involvement in exercises with a law enforcement component. For example, one COCOM planned to add a PSI component into an existing DOD military exercise, but the foreign country participants refused to allow such a component to be added. According to COCOM officials, the foreign country participants said a PSI component should be part of a law enforcement exercise with law enforcement agencies; these countries' military and law enforcement agencies can not exercise together.

U.S. Agencies Have Not Established Performance Indicators to Measure the Results of PSI Activities

While the COCOMs assess the extent to which they meet the goals of their mission to combat WMD, they do not make the same kind of assessments for PSI activities. None of the agencies participating in PSI activities has established performance indicators to measure the results of their activities. GAO previously recommended in its 2006 report that DOD and State develop performance indicators to measure PSI results. A good internal control environment calls for agencies to create the means to monitor and evaluate their efforts to enable them to identify areas needing improvement. Further, a good internal control environment requires

assessing both ongoing activities and separate evaluations of completed activities and should assess quality of performance over time.¹⁹ Without establishing and monitoring performance indicators, it will be difficult for policymakers to objectively assess the relevant U.S. agencies' contributions to PSI activities over time. State officials stated that they measure PSI progress by the number of endorsing PSI countries, the number and complexity of PSI exercises around the world, and the number of PSI shipboarding agreements. However, it is difficult to attribute these high-level outcomes to the PSI activities of U.S. agencies because these outcomes are dependent on the actions of other governments as well. CBP officials stated that the agency has designed a PSI Implementation Plan to use when participating in PSI. The plan established expected goals and targets related to each goal. Although the plan indicates which goals have been completed and which are ongoing, the document has not been updated since June 2006. In addition, CBP has not established performance indicators for its involvement in PSI activities.

U.S. Agencies Have Made Efforts to Increase Cooperation and Coordination with Leading PSI Countries but Less So with Other PSI Countries and Have Not Developed a Written Strategy to Resolve Interdiction Issues

U.S. agencies have made efforts to increase cooperation and coordination with PSI countries by working with the 19 other leading PSI countries at multilateral PSI planning meetings; however, U.S. agencies have not built relationships in the same way with their counterparts from the more than 70 PSI countries who are not invited to these meetings. U.S. agencies also have made efforts to increase cooperation and coordination with PSI countries through exercises and other outreach activities, but the more than 70 PSI countries who are not invited to attend multilateral meetings are not often involved. State and DOD have not developed a written strategy to resolve interdiction issues, as we previously recommended. Agency officials stated that the involvement of the U.S. delegation at the multilateral meetings is part of an attempt to resolve these issues.

¹⁹See GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

U.S. Agencies Have Made Efforts to Increase Cooperation and Coordination with 19 Leading PSI Countries through Multilateral Meetings but Less So with More than 70 Other PSI Countries

U.S. agencies have made efforts to increase cooperation and coordination with PSI countries by working with the 19 other leading PSI countries at multilateral PSI planning meetings; however, U.S. agencies have not built and expanded relationships in the same way with their counterparts from the more than 70 PSI countries who are not invited to attend these meetings.²⁰ According to DOD, multilateral PSI planning meetings are to be held three to four times annually as delegations from 20 leading PSI countries (including the United States) meet to consider ways to enhance the WMD interdiction capabilities of PSI participants.²¹ At the meetings, the delegations also consider ways to build support for PSI, share ideas to strengthen legal authorities to interdict, and discuss hosting and participating in PSI exercises. Each of the 20 leading PSI countries sends a delegation to the multilateral PSI planning meetings; the Office of the Secretary of Defense heads the U.S. delegation to these multilateral meetings.

According to agency officials, the multilateral PSI planning meetings themselves have no compliance mechanisms. However, according to agency officials, by actively engaging in bilateral meetings, the U.S. delegation is able to reach bilateral agreement with leading PSI countries to take certain actions to support PSI, such as hosting a PSI exercise. Before or during the multilateral meetings, the U.S. delegation often meets with delegations from other leading PSI countries bilaterally. Agency officials use bilateral meetings to reach agreements with other leading PSI countries to host future multilateral PSI planning meetings, participate in PSI exercises, or engage in outreach to countries that do not yet endorse or support PSI. Agency officials said that the bilateral meetings have been useful in increasing U.S. cooperation and coordination with the 19 other leading PSI countries. Meeting bilaterally before the multilateral PSI planning meetings allows the U.S. delegation to make arrangements with other leading PSI countries before the large plenary session of the multilateral PSI planning meeting begins.

²⁰The 20 leading PSI countries (including the United States) who attend multilateral PSI planning meetings are: Argentina, Australia, Canada, Denmark, France, Germany, Greece, Italy, Japan, The Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Singapore, Spain, Turkey, the United Kingdom, and the United States. Many of these countries have been active in international WMD and related materials nonproliferation efforts, such as the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement.

²¹For a chronology and location of multilateral PSI planning meetings held from 2003 to 2008, see appendix III.

Agency officials stated that the plenary session and related breakout sessions at multilateral meetings have been useful in increasing cooperation and coordination with their counterparts from other leading PSI countries. The plenary session is where the heads of the delegations from the 20 leading PSI countries meet to discuss current PSI issues and explain their countries' perspectives and opinions on such issues. Following or concurrent with the plenary session, breakout sessions are held for working-level officials to get together and discuss exercise, law enforcement, intelligence, or legal issues in more detail.

However, because the multilateral PSI planning meetings only include the 20 leading PSI countries (including the United States), U.S. agencies have not built and expanded relationships in the same way with their counterparts from the more than 70 additional PSI countries who are not invited to attend these meetings. Agency officials acknowledged that more needs to be done to directly engage these more than 70 additional PSI countries.²²

U.S. Agencies Have Made Efforts to Increase Cooperation and Coordination with PSI Countries through Exercises, but More Than 70 PSI Countries Are Not Always Involved

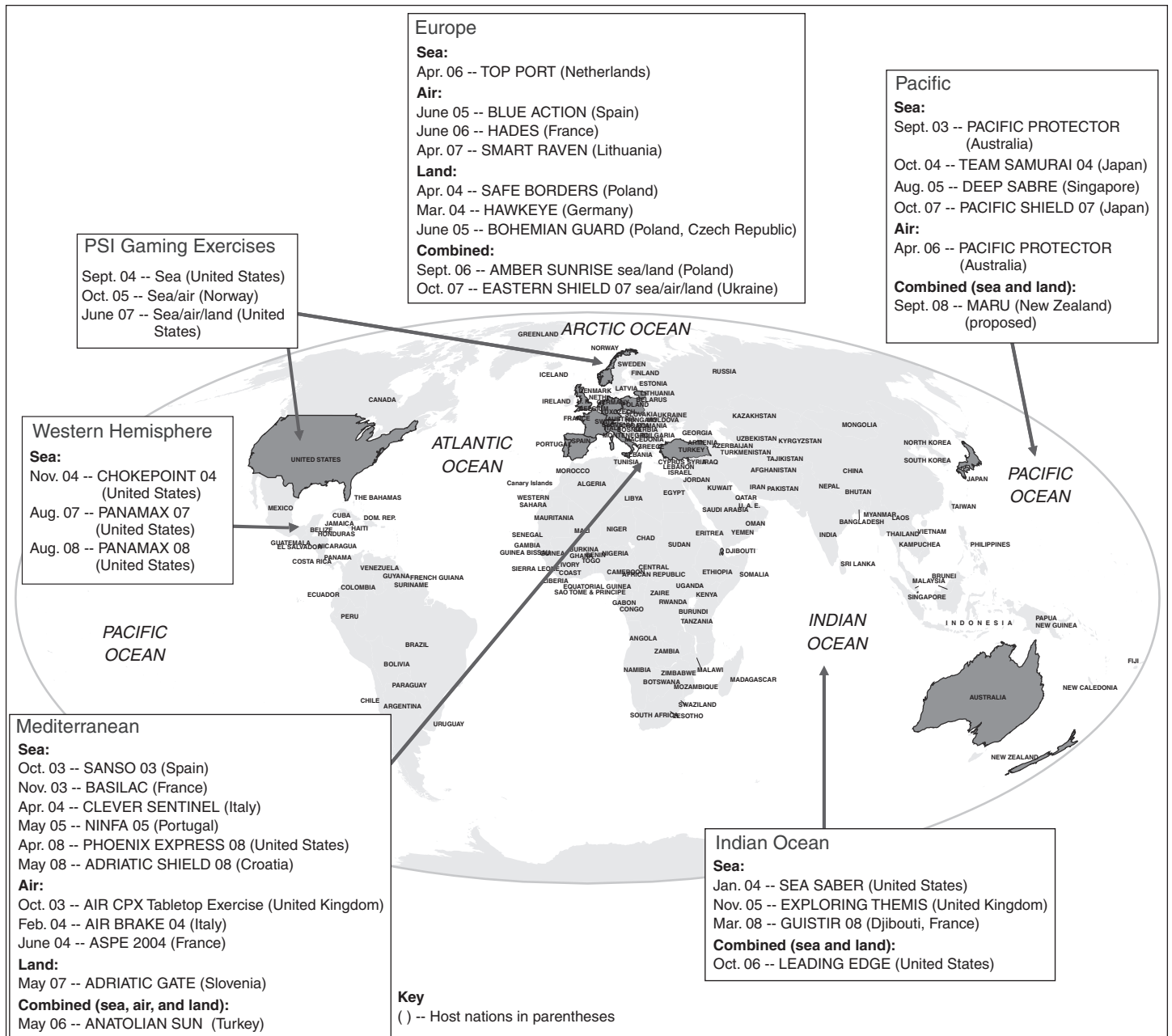
U.S. agencies also have made efforts to increase cooperation and coordination with PSI countries through hosting and/or participating in PSI exercises, but countries from among the more than 70 PSI countries who are not invited to attend multilateral meetings are not always involved. While the United States encourages PSI supporting countries to participate in PSI exercises, agency officials acknowledged that more needs to be done to directly engage the PSI countries who are not invited to attend multilateral PSI planning meetings. According to DOD, PSI exercises are intended to test national capabilities to conduct air, ground, and maritime interdictions; increase understanding of PSI among participating countries; and establish interoperability among PSI participants. The 20 leading PSI countries have established a schedule of PSI exercises to practice and enhance collective capabilities to interdict suspected WMD cargoes shipped by sea, air, and land. These exercises have also included simulations and scenarios to practice country-to-country and interagency communication processes to conduct WMD interdictions.

²²DOD and State's letters commenting on a draft of this report stated that the U.S. government will host a multilateral PSI planning meeting in Miami, Florida in 2009 and will invite regional PSI countries from the Western Hemisphere to participate. This will be the first time a multilateral meeting will include those PSI countries from the Western Hemisphere who are not normally invited to attend the multilateral meetings.

Twenty-one countries have led 36 PSI exercises from September 2003 through September 2008. As figure 1 shows, these exercises have included sea, land, and air exercises, spanning the different regions of the globe, although more of them have been held in Europe and the Mediterranean. Also, while the United States has led a number of the exercises, the large majority of them have been led by other PSI countries, with European countries leading most of these. However, only 6 of the 36 exercises held from September 2003 to September 2008 were hosted or cohosted by countries from among the more than 70 PSI countries who are not invited to attend the multilateral PSI planning meetings.²³

²³Croatia, Slovenia, Lithuania, and Ukraine each hosted an exercise. Czech Republic cohosted an exercise with Poland and Djibouti cohosted an exercise with France.

Figure 1: PSI Exercises from September 2003 through September 2008



According to agency officials, U.S. agencies have used PSI exercises to increase cooperation and coordination with PSI countries and educate countries that have not yet endorsed PSI about the initiative. For example, DOD officials stated that they used a U.S.-hosted September 2007 exercise to protect the Panama Canal as a means of increasing cooperation and coordination among the 8 PSI countries (including the United States) that participated in it. However, of the 8 PSI countries who participated, only 3 were from among the more than 70 PSI countries who are not invited to attend multilateral meetings.²⁴ According to DOD officials, the inclusion of PSI in existing DOD exercises also creates opportunities to educate other countries about PSI. The September 2007 exercise was an existing DOD exercise, which included a PSI component, and involved 9 other countries that have not yet endorsed PSI. However, agency officials cautioned against potential backlash from “overloading” existing DOD exercises with PSI components. For example, foreign countries may choose not to participate in an existing DOD exercise if a PSI component appears to overshadow the original objectives of the exercise.

U.S. Agencies Have Undertaken Other Outreach Activities to Increase Cooperation and Coordination with PSI Countries

U.S. agencies stated that they have engaged in other outreach activities to increase cooperation and coordination with PSI countries. For example, since we issued our 2006 report, State sponsored a PSI fifth anniversary conference in May 2008 attended by 86 PSI countries. At this conference, these countries restated their support for PSI and the PSI Statement of Interdiction Principles.²⁵ State officials also stated that their outreach efforts have included promoting the PSI when senior State officials meet foreign representatives or make high-level country visits. In addition, agency officials said the United States and other leading PSI countries sometimes engage in ad hoc outreach activities to other PSI countries before or after multilateral PSI planning meetings, such as a 1-day outreach session with Middle Eastern PSI countries after the February 2008 multilateral meeting in London, England.

Also, State is continuing to seek international agreements, such as PSI shipboarding agreements, with input from the U.S. Coast Guard. These

²⁴Three other PSI countries also attended the exercise as observers.

²⁵At this conference, State also hosted a PSI outreach workshop attended by representatives from 21 countries who had not yet endorsed PSI, as well as representatives from PSI countries. According to State, this workshop provided information on a broad range of PSI activities.

legally binding bilateral agreements, between the United States and other countries, facilitate bilateral, reciprocal cooperation by establishing the authorities and procedures the parties use to confirm and authorize flag state consent to board and search each other's vessels suspected of carrying WMD and related materials. Since PSI was announced in 2003, the United States has signed a total of nine PSI shipboarding agreements, including agreements with Malta, Mongolia, and the Bahamas since we issued our report in 2006.²⁶ In addition, as we reported in September 2006, the United States helped negotiate an amendment to the Convention on the Suppression of Unlawful Acts Against the Safety of Maritime Navigation that criminalizes WMD proliferation activities. The amendment also created an international framework for nations that are party to the amended convention to board ships believed to be engaged in WMD proliferation activities. Agency officials said that the amended convention was sent to the Senate for review in October 2007, and the Senate Foreign Relations Committee voted favorably on it on July 29, 2008. According to agency officials, the Senate gave its advice and consent to the ratification of the amended convention on September 25, 2008. The administration awaits congressional enactment of the necessary implementing legislation. With the success of amending the maritime convention, U.S. agencies, with other members of the International Civil Aviation Organization, are currently examining ways to amend the Montreal Convention of 1971, to criminalize the airborne transportation of WMD and related materials.

Other U.S. agencies have also made some efforts to increase cooperation and coordination with PSI countries through outreach activities. According to DOD officials, DOD has produced talking points on PSI for high-level, military-to-military discussions with PSI countries and, where appropriate, for high-level DOD officials' discussions with high-level foreign political officials. Also, through the recently established Africa command, DOD officials, in consultation with State, have contacted some North African political officials on enhancing their involvement in PSI activities, including exercises. The FBI sponsored a workshop in 2006 to train law enforcement officials from the 19 other leading PSI countries to identify WMD items. According to agency officials, attendance of representatives from the 19 other leading PSI countries at the conference led to improved relationships between the United States and these

²⁶The United States has signed PSI shipboarding agreements with nine countries: Liberia, Panama, Marshall Islands, Croatia, Cyprus, Belize, Malta, Mongolia, and the Bahamas. See appendix IV for more details.

countries, and these relationships are still yielding benefits. However, only representatives from the 19 other leading PSI countries who go to multilateral meetings were invited to attend the FBI-sponsored workshop in 2006; no other PSI countries were invited.

State and DOD Have Not Developed a Written Strategy to Resolve Interdiction Issues

According to State and DOD officials, the departments have not developed a formal, written strategy to resolve interdiction issues, as GAO previously recommended. Agency officials stated that the involvement of the U.S. delegation at the multilateral meetings is part of an attempt to resolve these issues. The administration's PSI implementation report states that diplomatic, military, law enforcement, and legal experts from the United States and the 19 other leading PSI countries convene at multilateral PSI planning meetings to develop cooperative strategies to address issues that extend beyond the control of any one country, such as compensation for seized cargo. These issues are discussed through a plenary session and in greater detail through law enforcement, legal, intelligence, and exercise breakout sessions. The PSI implementation report also states that the United States, a leading member of the meetings, continues to develop and implement multinational strategies to resolve issues beyond the exclusive control of the United States.

Conclusions

The administration has only partially addressed the provisions of the Implementing Recommendations of the 9/11 Commission Act of 2007. Although relevant agencies perform various activities under PSI, the administration's approach to PSI activities overall has been ad hoc. While DOD has taken more steps than State and law enforcement agencies to address some of the law's provisions, such as clarifying policies and procedures, none of the agencies has fully addressed the law's provisions. Consistent with internal controls, establishing clear PSI policies and procedures and performance indicators to measure results will help the agencies better organize their PSI activities. While U.S. agencies have made efforts to increase cooperation and coordination with the 19 other leading PSI countries that attend multilateral PSI planning meetings, they have not yet built relationships in the same way with over 70 PSI countries that are not part of these meetings. Agency officials acknowledged that more efforts are needed to directly engage these countries; doing so could create opportunities for increased PSI cooperation and coordination, including information exchanges between them and the United States. We also reaffirm the recommendations from our 2006 report on PSI that DOD and State should better organize their efforts for performing PSI activities, including establishing clear PSI policies and procedures and indicators to

measure the results of PSI activities, and that they develop a strategy to work with PSI-participating countries to resolve interdiction issues.

Recommendations for Executive Action

- Since PSI activities are increasingly focused on law enforcement issues, we recommend that relevant law enforcement agencies, such as CBP, FBI, and Coast Guard, establish clear PSI policies and procedures and work toward developing performance indicators to support PSI activities, including PSI workshops, training courses, and exercises.
- Since U.S. agencies have not built relationships with their counterparts from the more than 70 PSI countries who are not invited to attend multilateral PSI planning meetings to the same extent as with the 19 other leading PSI countries, we recommend that DOD, in cooperation with State, take additional steps to increase cooperation, coordination, and information exchange between the United States and these countries. In building such relationships, DOD and State will obviously have to work cooperatively with the 19 other leading PSI countries that attend the PSI multilateral planning meetings.

Agency Comments and Our Evaluation

We provided a draft of this report to the Secretaries of State, Defense, Homeland Security, and Justice for their review and comment. We received written comments from State, DOD, and FBI within Justice that are reprinted in appendixes VI, VII, and VIII; we also received e-mail comments from DHS. DHS and FBI concurred with our first recommendation and State and DOD concurred with our second recommendation. State and DHS also provided us with technical comments, which we incorporated as appropriate.

DHS concurred with our first recommendation and provided a Planned Corrective Action for CBP that CBP will update its PSI directive and implementation plan, including adding appropriate performance indicators and milestones. FBI also concurred with our first recommendation and described some steps being taken to mitigate the issues.

DOD concurred with our second recommendation and stated that it has already taken several steps to implement it. State also concurred with our second recommendation, recognizing the need to deepen the involvement and knowledge of all PSI endorsing countries and stating that it is undertaking new efforts to address this need. State said that foremost among future plans of the leading PSI countries that attend the multilateral meetings is to focus on regional PSI activities and outreach workshops to

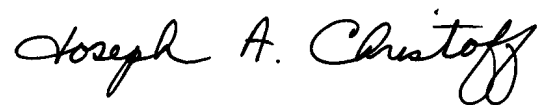
increase the participation of those PSI countries who are not invited to attend the multilateral meetings.

State maintained that a PSI directive is not necessary to strengthen and expand PSI because an existing WMD interdiction process created by a classified National Security Presidential Directive is sufficient. However, as we noted in our report, the existing WMD interdiction process predates the creation of PSI and does not cover U.S. agencies' involvement in three broad PSI activities: multilateral planning meetings, exercises, and other outreach efforts. State also said the agency uses the number of countries endorsing PSI, the number and complexity of PSI exercises, and the conclusion of PSI shipboarding agreements as indicators to measure PSI performance. However, a good internal control environment calls for agencies to create their own means to monitor and evaluate their own efforts to identify areas needing improvement and requires assessing the quality of performance of ongoing and completed activities over time. We reaffirm the recommendation from our 2006 report that DOD and State should better organize their efforts for performing PSI activities, including establishing indicators to measure the results of PSI activities.

State also said that it is not feasible or effective to develop a single comprehensive written strategy to deal with issues arising after interdictions because every interdiction must be dealt with on a case-by-case basis. While acknowledging the unique characteristics of each interdiction, we reaffirm our prior recommendation; the recurring interdiction issues that are beyond the control of the United States, as noted in our 2006 classified report, demonstrate the need for a written strategy to resolve these issues. State also stated that it has policies and procedures in place for PSI activities, although they are not recorded in a single document, but did not provide us any evidence of these written PSI policies and procedures.

We are sending copies of this report to interested congressional committees. We also will make copies available to others on request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8979 or christoffj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix IX.

A handwritten signature in black ink that reads "Joseph A. Christoff". The signature is written in a cursive style with a large, stylized "C" at the end.

Joseph A. Christoff, Director
International Affairs and Trade

List of Congressional Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Joseph R. Biden, Jr.
Chairman
The Honorable Richard G. Lugar
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Duncan L. Hunter
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Howard L. Berman
Chairman
The Honorable Ileana Ros-Lehtinen
Ranking Member
Committee on Foreign Affairs
House of Representatives

Appendix I: Objectives, Scope, and Methodology

To examine U.S. agencies' efforts to take a variety of actions to expand and strengthen the Proliferation Security Initiative (PSI), we assessed the (1) extent to which the administration issued a PSI directive, a sense of Congress provision in the law, and submitted to Congress required PSI-related reports; (2) steps U.S. agencies have taken to establish clear PSI policies and procedures, structures, budgets, and performance indicators; and (3) efforts U.S. agencies have made to increase cooperation and coordination with PSI countries and develop a strategy to resolve interdiction issues. We employed various methodologies to address these three objectives. We reviewed the Department of Defense's (DOD) Public Affairs Guidance on the Proliferation Security Initiative, the Report to Congress on Implementation of the Proliferation Security Initiative Pub. L. No. 110-53, Section 1821, the Chairman of the Joint Chiefs of Staff Instruction on the Proliferation Security Initiative (2005 and revised in 2007) and documentation on the PSI fifth anniversary conference held May 2008 in Washington, D.C.

In addition, we reviewed various documents produced by the Departments of State (State), DOD, Customs and Border Protection (CBP), and other agencies involved in PSI, such as presentations, management reports, documents, and cables on U.S. agencies' participation in and management of their involvement in PSI activities. We reviewed various documents produced by the U.S. delegation to multilateral PSI planning meetings, including presentations, exercise summaries, meeting summaries, and DOD documents that discussed best practices for PSI exercises. We met with officials from State, DOD, CBP, the Federal Bureau of Investigation (FBI), Coast Guard, and other agencies in Washington, D.C., involved in PSI activities.

We interviewed officials and military personnel at five DOD Combatant Commands (COCOM): (1) Central Command in Tampa, Florida; (2) European Command in Stuttgart, Germany; (3) Africa Command in Stuttgart, Germany; (4) Southern Command in Miami, Florida; and (5) the Strategic Command's Center for Combating WMD in Fort Belvoir, Virginia. We discussed how DOD manages and coordinates its involvement in PSI activities, including preparation and execution of PSI components within existing DOD exercises, as well as stand-alone PSI exercises; cooperation between the COCOMs, particularly with the Center for Combating WMD; and management of PSI activities between the Joint Staff and the COCOMs.

To collect detailed qualitative information from participants on how and why the multilateral PSI planning meetings (including breakout sessions and related bilateral meetings) are or are not useful for the U.S. delegation, we conducted structured interviews with 12 U.S. participants. In addition,

we gathered the participants' perspectives on the structure, evolution, and possible improvements for such meetings through the structured interviews. While we did not select a generalizable sample, we did select one that included officials with a wide range of views and relatively more experience of the meetings. Specifically, we selected U.S. agency officials and military personnel that had a range of military, law enforcement, legal, diplomatic, and intelligence expertise and that had attended two or more of the last six multilateral PSI planning meetings. To ensure that the structured instrument we used was clear and comprehensive, we pretested the instrument with two agency officials who had attended at least four of the last six multilateral meetings. We made changes to the content and format of the structured interview based on comments from the expert reviews, as well as the pretests.

The scope of our review was set by the Implementing Recommendations of the 9/11 Commission Act of 2007.¹ The law specified that the President and relevant agencies and departments take a variety of actions to expand and strengthen PSI, including implementing recommendations from our September 2006 classified report, which identified weaknesses with the U.S. government's planning and management of PSI. Under a sense of Congress provision of the law, the President is called upon to issue a PSI directive to U.S. agencies, and U.S. agencies are called upon to take actions listed in the law, namely to establish clear PSI policies and procedures, structures, funding, and performance indicators to measure the results of PSI activities; to take steps to increase cooperation and coordination with PSI countries; and to develop a strategy to resolve interdiction issues. The law required the President to submit a PSI implementation report by February 2008 to congressional committees; State and DOD are required to submit a comprehensive joint budget report to Congress describing U.S. funding and other resources for PSI-related activities. Congress required GAO to issue three consecutive reports assessing the effectiveness of PSI, including progress made in implementing the provisions of the act. This report is the first of the three reports.

We conducted this performance audit from November 2007 to November 2008, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for

¹Pub. L. No. 110-53, Sec. 1821.

our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Statement of Interdiction Principles

PSI: Statement of Interdiction Principles

The PSI is a response to the growing challenges posed by the proliferation of weapons of mass destruction (WMD), their delivery systems, and related materials worldwide. The PSI builds on efforts by the international community to prevent proliferation of such items, including existing treaties and regimes. It is consistent with, and a step in the implementation of the UN Security Council Presidential Statement of January 1992, which states that the proliferation of all WMD constitutes a threat to international peace and security, and underlines the need for member states of the UN to prevent proliferation. The PSI is also consistent with recent statements of the G8 and the European Union, establishing that more coherent and concerted efforts are needed to prevent the proliferation of WMD, their delivery systems, and related materials. PSI participants are deeply concerned about this threat and of the danger that these items could fall into the hands of terrorists and are committed to working together to stop the flow of these items to and from states and nonstate actors of proliferation concern.

The PSI seeks to involve, in some capacity, all states that have a stake in nonproliferation and the ability and willingness to take steps to stop the flow of such items at sea, in the air, or on land. The PSI also seeks cooperation from any state whose vessels, flags, ports, territorial waters, airspace, or land might be used for proliferation purposes by states and nonstate actors of proliferation concern. The increasingly aggressive efforts by proliferators to stand outside or to circumvent existing nonproliferation norms, and to profit from such trade, requires new and stronger actions by the international community. We look forward to working with all concerned states on measures they are able and willing to take in support of the PSI, as outlined in the following set of “Interdiction Principles.”

Interdiction Principles for the Proliferation Security Initiative

PSI participants are committed to the following interdiction principles to establish a more coordinated and effective basis through which to impede and stop shipments of WMD, delivery systems, and related materials flowing to and from states and nonstate actors of proliferation concern, consistent with national legal authorities and relevant international law and frameworks, including the UN Security Council. They call on all states concerned with this threat to international peace and security to join in similarly committing to:

1. Undertake effective measures, either alone or in concert with other states, for interdicting the transfer or transport of WMD, their delivery systems, and related materials to and from states and nonstate actors

of proliferation concern. “States or nonstate actors of proliferation concern” generally refers to those countries or entities that the PSI participants involved establish should be subject to interdiction activities because they are engaged in proliferation through: (1) efforts to develop or acquire chemical, biological, or nuclear weapons and associated delivery systems or (2) transfers (either selling, receiving, or facilitating) of WMD, their delivery systems, or related materials.

2. Adopt streamlined procedures for rapid exchange of relevant information concerning suspected proliferation activity, protecting the confidential character of classified information provided by other states as part of this initiative, dedicate appropriate resources and efforts to interdiction operations and capabilities, and maximize coordination among participants in interdiction efforts.
3. Review and work to strengthen their relevant national legal authorities where necessary to accomplish these objectives, and work to strengthen when necessary relevant international law and frameworks in appropriate ways to support these commitments.
4. Take specific actions in support of interdiction efforts regarding cargoes of WMD, their delivery systems, or related materials, to the extent their national legal authorities permit and consistent with their obligations under international law and frameworks, to include:
 - a. Not to transport or assist in the transport of any such cargoes to or from states or nonstate actors of proliferation concern and not to allow any persons subject to their jurisdiction to do so.
 - b. At their own initiative, or at the request and good cause shown by another state, to take action to board and search any vessel flying their flag in their internal waters or territorial seas, or areas beyond the territorial seas of any other state, that is reasonably suspected of transporting such cargoes to or from states or nonstate actors of proliferation concern, and to seize such cargoes that are identified.
 - c. To seriously consider providing consent under the appropriate circumstances to the boarding and searching of its own flag vessels by other states, and to the seizure of such WMD-related cargoes in such vessels that may be identified by such states.
 - d. To take appropriate actions to (1) stop and/or search in their internal waters, territorial seas, or contiguous zones (when declared) vessels that are reasonably suspected of carrying such cargoes to or from states or nonstate actors of proliferation

concern and to seize such cargoes that are identified and (2) to enforce conditions on vessels entering or leaving their ports, internal waters, or territorial seas that are reasonably suspected of carrying such cargoes, such as requiring that such vessels be subject to boarding, search, and seizure of such cargoes prior to entry.

- e. At their own initiative or upon the request and good cause shown by another state, to (1) require aircraft that are reasonably suspected of carrying such cargoes to or from states or nonstate actors of proliferation concern and that are transiting their airspace to land for inspection and seize any such cargoes that are identified and/or (2) deny aircraft reasonably suspected of carrying such cargoes transit rights through their airspace in advance of such flights.
- f. If their ports, airfields, or other facilities are used as transshipment points for shipment of such cargoes to or from states or nonstate actors of proliferation concern, to inspect vessels, aircraft, or other modes of transport reasonably suspected of carrying such cargoes, and to seize such cargoes that are identified.

Appendix III: Chronology and Location of Multilateral PSI Planning Meetings, 2003 to 2008

The following multilateral PSI planning meetings are also known as Operational Expert Group (OEG) meetings:

2003

1. Brisbane, Australia (July)
2. London, United Kingdom (July)
3. Paris, France (September)
4. London, United Kingdom (October)
5. Washington, D.C., United States (December)

2004

1. Ottawa, Canada (April)
2. Oslo, Norway (August)
3. Sydney, Australia (November)

2005

1. Omaha, Nebraska, United States (March)
2. Copenhagen, Denmark (July)
3. Hamburg, Germany (November) – Regional OEG meeting

2006

1. Miami, Florida, United States (April)
2. Singapore (July)
3. Montreal, Canada (December)

2007

1. Auckland, New Zealand (March)
2. Rhodes, Greece (October)

2008

1. London, United Kingdom (February)
2. Paris, France (September)

Appendix IV: Bilateral Shipboarding Agreements, 2004 to 2008

1. *Proliferation Security Initiative Shipboarding Agreement Signed with Liberia*

Signed February 11, 2004, entered into force December 9, 2004.

According to State, Liberia has the second largest ship registry in the world.

2. *Proliferation Security Initiative Shipboarding Agreement Signed with Panama*

Signed May 12, 2004; entered into force December 1, 2004.

According to State, Panama has the largest ship registry in the world.

3. *Proliferation Security Initiative Shipboarding Agreement Signed with Marshall Islands*

Signed August 13, 2004; provisionally applied from August 13, 2004; entered into force November 24, 2004.

According to State, Marshall Islands has the eleventh largest flag registry in the world.

4. *Proliferation Security Initiative Shipboarding Agreement Signed with Republic of Croatia*

Signed June 1, 2005; entered into force March 5, 2007.

5. *Proliferation Security Initiative Shipboarding Agreement Signed with Cyprus*

Signed July 25, 2005; entered into force January 12, 2006.

According to State, Cyprus has the sixth largest ship registry in the world and was the first European Union member to sign such an agreement with the United States.

6. *Proliferation Security Initiative Shipboarding Agreement Signed with Belize*

Signed August 4, 2005; entered into force October 19, 2005.

According to State, Belize is the first Caribbean Community (CARICOM) member state to sign such an agreement with the United States in support of PSI.

7. *Proliferation Security Initiative Shipboarding Agreement Signed with the Republic of Malta*
Signed March 15, 2007; entered into force December 19, 2007

According to State, Malta has the eighth largest ship registry in the world.

8. *Proliferation Security Initiative Shipboarding Agreement Signed with Mongolia*
Signed October 23, 2007; entered into force February 20, 2008.

9. *Proliferation Security Initiative Shipboarding Agreement Signed with the Bahamas*
Signed August 11, 2008; not yet in force.

According to State, the Bahamas has the third largest flag registry of merchant ships in the world and serves as an open registry for shipowners from dozens of countries.

Appendix V: Countries Supporting PSI

Countries supporting PSI are as follows; PSI countries with an asterisk are the 20 leading PSI countries who attend multilateral PSI planning meetings:

- | | | |
|-----------------------|----------------------|--------------------------|
| 1. Afghanistan | 32. Germany* | 64. Panama |
| 2. Albania | 33. Greece* | 65. Papua New Guinea |
| 3. Andorra | 34. Holy See | 66. Paraguay |
| 4. Angola | 35. Honduras | 67. Philippines |
| 5. Argentina* | 36. Hungary | 68. Poland* |
| 6. Armenia | 37. Iceland | 69. Portugal* |
| 7. Australia* | 38. Iraq | 70. Qatar |
| 8. Austria | 39. Ireland | 71. Romania |
| 9. Azerbaijan | 40. Israel | 72. Russia* |
| 10. Bahamas | 41. Italy* | 73. Samoa |
| 11. Bahrain | 42. Japan* | 74. San Marino |
| 12. Belarus | 43. Jordan | 75. Saudi Arabia |
| 13. Belgium | 44. Kazakhstan | 76. Serbia |
| 14. Belize | 45. Kyrgyzstan | 77. Singapore* |
| 15. Bosnia | 46. Kuwait | 78. Slovakia |
| 16. Brunei Darussalam | 47. Latvia | 79. Slovenia |
| 17. Bulgaria | 48. Liberia | 80. Spain* |
| 18. Cambodia | 49. Libya | 81. Sri Lanka |
| 19. Canada* | 50. Liechtenstein | 82. Sweden |
| 20. Chile | 51. Lithuania | 83. Switzerland |
| 21. Croatia | 52. Luxembourg | 84. Tajikistan |
| 22. Cyprus | 53. Macedonia | 85. Tunisia |
| 23. Czech Republic | 54. Malta | 86. Turkey* |
| 24. Denmark* | 55. Marshall Islands | 87. Turkmenistan |
| 25. Djibouti | 56. Moldova | 88. Ukraine |
| 26. El Salvador | 57. Mongolia | 89. United Arab Emirates |
| 27. Estonia | 58. Montenegro | 90. United Kingdom* |
| 28. Fiji | 59. Morocco | 91. United States* |
| 29. Finland | 60. The Netherlands* | 92. Uzbekistan |
| 30. France* | 61. New Zealand* | 93. Yemen |
| 31. Georgia | 62. Norway* | |
| | 63. Oman | |

Appendix VI: Comments from the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State

*Assistant Secretary for Resource Management
and Chief Financial Officer*

Washington, D.C. 20520

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

OCT 17 2008

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "NONPROLIFERATION: U.S. Agencies Have Taken Some Steps, but More Effort Is Needed to Strengthen and Expand the Proliferation Security Initiative," GAO Job Code 320563.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Jan Purcell, Foreign Affairs Officer, International Security and Nonproliferation at (202) 647-6186.

Sincerely,

A handwritten signature in black ink, appearing to read "Bradford R. Higgins".

Bradford R. Higgins

cc: GAO – Joseph Christoff
ISN – Patricia Mcnerney
State/OIG – Mark Duda

Department of State Comments on GAO Draft Report:

**NONPROLIFERATION: U.S. Agencies Have Taken Some Steps,
but More Effort Is Needed to Strengthen and Expand
the Proliferation Security Initiative
(GAO-09-43, GAO Code 320563)**

Thank you for giving the Department of State the opportunity to comment on the draft report *NONPROLIFERATION: U.S. Agencies Have Taken Some Steps, but More Effort Is Needed to Strengthen and Expand the Proliferation Security Initiative*. The comments below respond to statements made in various places in the GAO's draft report.

GAO Recommendation: DOD and State should take steps to increase cooperation and coordination between the United States and the more than 70 PSI countries who are not invited to attend multilateral PSI planning meetings.

Response: The U.S. and the 19 other countries participating in the PSI Operational Experts Group (OEG) have recognized the need to deepen the involvement and knowledge of all PSI endorsing states. This year, we are undertaking several new efforts to implement this objective, including creation of a PSI web portal to share documents among all PSI countries, and creation of a regular PSI newsletter for all PSI countries.

The Department of State sponsored a PSI 5th Anniversary Senior-Level Meeting on May 28, 2008 in Washington for all PSI countries. Representatives from 86 PSI countries attended. At this meeting, the attendees discussed current PSI issues and restated their support for the PSI and the PSI Statement of Interdiction Principles, in particular through adoption of the Washington Declaration (available online at <http://www.state.gov/r/pa/prs/ps/2008/may/105268.htm>). The GAO's draft report failed to note that, on the following day, the U.S. hosted a PSI outreach workshop, attended by representatives of 21 countries that had not yet endorsed the PSI, as well as most of the PSI participating states. The workshop provided detailed information on the broad range of PSI activities and tools that have been developed for training, organizing for, and conducting interdictions of shipments of proliferation concern. It was designed both to promote PSI endorsement by additional states and to

See comment 1.

deepen the knowledge of and participation in PSI activities by states that have endorsed the PSI.

See comment 2.

Foremost among future plans of the countries participating in the OEG is to focus on regional PSI activities and outreach workshops intended to increase active PSI participation by the countries that do not participate in the OEG meetings. For example, the USG will host an OEG meeting in May 2009 in Miami, Florida, and will invite all PSI partners from the Western Hemisphere to actively participate. This will be the first time an OEG meeting will integrate non-OEG regional partners from the Western Hemisphere. The meeting's content will focus on interdiction issues and challenges most relevant to the region. Other PSI partners also plan to host regional OEG meetings for other regions in 2009 and beyond. These meetings will help to increase the capabilities of all PSI partners to interdict WMD shipments.

The Department of State has always disseminated summaries of each PSI OEG meeting to all PSI countries. State also has supported - with funding and/or expert advice - several PSI exercises in Central and Eastern Europe, Africa, and Central/South America hosted by and intended for non-OEG countries. These exercises have enhanced the skills and interoperability of the non-OEG countries in that region in combating WMD-related trafficking. In addition, exercises hosted by OEG countries in the last two years have been attended by a number of non-OEG countries, as well as by countries that have not yet endorsed the PSI, as noted in DOD's comments on this report.

See comment 3.

In addition, the Department of State leads USG efforts to conclude bilateral, reciprocal PSI shipboarding agreements with key ship registry states, with support from the U.S. Coast Guard, DOD and the Department of Justice. All nine agreements we have concluded so far are with non-OEG PSI partner nations. Since 2006, three more shipboarding agreements have been signed -- with Malta, Mongolia and The Bahamas. These agreements provide expedited procedures for obtaining authorization to board and search ships suspected of transporting proliferation-related cargo.

GAO Statement: The Administration has not issued a PSI directive that directs U.S. agencies to establish clear PSI authorities, structures, roles, responsibilities, policies and procedures, including budget requests for PSI

activities. In its implementation report to Congress in July 2008, the Administration stated it is unnecessary to issue a directive for PSI because it believes that an existing WMD interdiction process, documented in an 8-page 2002 National Security Presidential Directive, already addresses the relevant issues that would be covered under a PSI directive.

See comment 4.

Response: As was the case in 2006, all U.S. PSI activities are conducted via an extensive interagency coordination process through a policy coordination committee chaired by National Security Council (NSC) staff, implementing clearly defined strategy documents that established agency roles, responsibilities, and common goals. In its PSI implementation report to Congress of July 2008, the Administration stated it does not consider issuing an additional Presidential directive to be necessary in order to continue expanding and strengthening the PSI. The Administration continues to hold this view. A classified National Security Presidential Directive governs the interdiction process.

The report correctly notes that there is no single Administration budget request for the PSI. In fact, the PSI was designed to be not a single, distinct program, but rather a set of activities interwoven into the USG's established diplomatic, military, and law enforcement relations with other countries. In addition, many existing programs, missions, international agreements and frameworks promote the same objectives as the PSI without being narrowly defined as part of the PSI. It should remain the responsibility of each agency to determine whether it can accomplish its PSI objective best by establishing a budget line item for PSI activities.

GAO Statement: The existing WMD interdiction process covers how U.S. agencies should coordinate U.S. government efforts to conduct WMD interdictions. However, this process predates the creation of PSI and does not cover U.S. agencies' involvement in three broad PSI activities: multilateral planning meetings, exercises, and other outreach efforts.

See comment 5.

Response: Presidential directives set out broad U.S. Government policy and goals. Such a document is neither appropriate nor necessary to administer the details of USG agencies' work on PSI Operational Experts Group meetings, PSI exercises, PSI outreach, and WMD-related interdictions. USG agencies are working together closely and continuously on these PSI activities, via an extensive interagency coordination process through a policy coordination committee chaired by National Security Council (NSC) staff.

GAO Statement: U.S. agencies have not established performance indicators to measure the results of PSI activities.

See comment 6.

Response: Standard Department of State procedures are followed regarding indicators to measure program results for State's work on the PSI. There are certain unclassified PSI activities that can be quantified, which State uses as indicators to measure the Initiative's progress as required in the annual Strategic Plan of the Bureau of International Security and Nonproliferation (ISN). These are: increases in the number of countries endorsing the PSI; the number and complexity of PSI exercises conducted around the world; and the conclusion of PSI shipboarding agreements.

The Department of State requires evidence of countries' endorsement of the PSI Statement of Interdiction Principles in order to consider them to be PSI participants. Such evidence can take the form of a diplomatic note to the U.S. or to another PSI partner state, a public statement of endorsement, or representation at a meeting of PSI participating states. Use of this clear criterion allowed the Department to begin publishing in 2006 a list of PSI participants on the State website.

GAO Statement: State officials stated that they measure PSI progress by the number of endorsing PSI countries; the number and complexity of PSI exercises around the world; and the number of PSI shipboarding agreements. However, it is difficult to attribute these high-level outcomes to the PSI activities of U.S. agencies because these outcomes are dependent on the actions of other governments as well.

See comment 7.

Response: The mission of the Department of State is to conduct international diplomacy in support of U.S. foreign policy goals, where all outcomes depend on the actions of other governments. State's PSI activities are no exception, as the GAO's previous report highlighted. State uses these performance indicators because we are confident that the results would not have occurred without our efforts.

GAO Statement: State and DOD have not developed a written strategy to resolve interdiction issues. Agency officials stated that the involvement of the U.S. delegation at the multilateral meetings is part of an attempt to resolve these issues.

See comment 8.

Response: U.S. agencies have developed tools and use standard procedures to plan and execute interdictions. To deal with issues arising as a result of interdictions that have taken place, we have not found it feasible or effective to develop a single, comprehensive written strategy, because every interdiction case is unique and each must be dealt with on a case-by-case basis depending on the specific circumstances. U.S. agencies are familiar with the tools and resources available to deal with the issues that come up. Subject matter experts from across the USG consult and coordinate courses of action to address each WMD-related interdiction case, guided by Presidential Directives and agency procedures.

Because interdictions involve other countries, resolving interdiction issues is a task the U.S. cannot accomplish by itself. The PSI is based on the concept of cooperation and coordination among PSI partners in countering WMD-related trafficking, each utilizing the national authorities available to it. All PSI activities are aimed at strengthening such cooperation and coordination.

GAO Statement: State has an existing structure but does not have policies, procedures, or a budget in place for PSI activities.

See comment 9.

Response: The Department of State does have policies and procedures in place for its PSI activities, although they are not all recorded in a single document. State updates its PSI plans and strategies frequently to take developments into account.

See comment 10.

The Department of State has provided funding to support four complex interdiction-related PSI exercises hosted by PSI partners Poland and Ukraine, as authorized under section 504(a) of the FREEDOM Support Act and the Nonproliferation and Disarmament Fund's (NDF) expanded authority under the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR). Apart from these line items, the ISN Bureau's operating budget has been sufficient to fund the expenses for State's PSI activities.

In order to ensure that Department of State activities related to the PSI and interdiction are properly coordinated, in late 2005 the Department created the Office of Counterproliferation Initiatives. This Office is responsible for all State Department PSI activities, as part of its counterproliferation diplomacy mission. As noted in its Mission Statement, the Office of Counterproliferation Initiatives develops and conducts diplomatic outreach to prospective PSI participants, informs current participants of PSI events,

and works on broadening their participation; participates in negotiation of ship-boarding and other relevant international agreements and understandings; and facilitates State support to the PSI Operational Experts Group. Most important, this Office routinely interfaces with foreign governments on WMD-related interdictions and the disposition of seized cargo.

GAO Statement: International [PSI] participation is voluntary and there are no binding treaties on those who choose to participate.

Response: It is correct that PSI participation is voluntary. Of course, the actions of PSI participants must be consistent with their national legal authorities and relevant international law. The PSI is part of the overall international nonproliferation framework that includes the international nonproliferation treaties – such as the NPT, CWC, and BWC, to which most countries are parties. The Law of the Sea and the Chicago Conventions govern the actions of PSI countries in the maritime and air domains, respectively. In addition, the UN Security Council resolutions addressing North Korea’s and Iran’s WMD-related activities, as well as UNSC Resolution 1540, are legally binding on all UN Member states. Finally, our bilateral PSI shipboarding agreements with other countries are binding on the Parties.

GAO Statement: The multilateral PSI planning meetings themselves have no compliance mechanisms.

Response: The term “compliance” indicates legal obligations. The meetings of the 20-nation OEG are not based on or involved with establishing legal obligations, so it is meaningless to refer to compliance mechanisms in this context. The operational experts meet to discuss and resolve issues related to interdictions, and to plan exercises and outreach events. This forum for experts to meet regularly with their counterparts from other countries has proven very valuable for strengthening the PSI network and the collective body of knowledge about how to effectively interdict proliferation-related trafficking. We are working on ways to expand the benefits of the OEG to all PSI countries by holding more regionally-focused meetings.

GAO Statement: The United States helped negotiate an amendment to the Convention on the Suppression of Unlawful Acts Against the Safety of Maritime Navigation that criminalizes WMD proliferation

See comment 11.

7

activities...Agency officials said that the amended convention was sent to the Senate for review in October 2007, and the Senate Foreign Relations Committee voted favorably on it on July 29, 2008. It is now awaiting full Senate action.

See comment 12.

Update: The Senate gave its advice and consent to the ratification of the 2005 Protocols to the Convention of the Suppression of Unlawful Acts against the Safety of Maritime Navigation on September 25, 2008 (source: Congressional Record). The Administration welcomes the Senate's action, and awaits Congressional enactment of the necessary implementing legislation before the U.S. can deposit its instruments of ratification.

The following are GAO's comments on the Department of State's letter dated October 17, 2008.

GAO Comments

1. We have added information in the report that State hosted a PSI outreach workshop at the PSI fifth anniversary conference.
2. We have added information in the report on the future multilateral PSI planning meeting in 2009 to be hosted by the United States.
3. Appendix IV provides information on the shipboarding agreements the United States has signed with other countries.
4. As we stated in our report, the existing WMD interdiction process covers how U.S. agencies should coordinate U.S. government efforts to conduct WMD interdictions. This process, as we noted, predates the creation of PSI and does not cover U.S. agencies' involvement in three broad PSI activities: multilateral planning meetings, exercises, and other outreach efforts.
5. As noted in our report, the WMD interdiction process predates the creation of PSI and does not cover U.S. agencies' involvement in three broad PSI activities: multilateral planning meetings, exercises, and other outreach efforts.
6. We reaffirm the recommendation from our 2006 report that DOD and State should better organize their efforts for performing PSI activities, including establishing indicators to measure the results of PSI activities. As we stated in our report, a good internal control environment calls for agencies to create their own means to monitor and evaluate their own efforts to enable them to identify areas needing improvement. Further, a good internal control environment requires assessing both ongoing activities and separate evaluations of completed activities and should assess quality of performance over time.
7. See response (6) above.
8. State has not worked with DOD to implement the second recommendation from our 2006 report, as called for in the law. While acknowledging the unique characteristics of each interdiction, we reaffirm our prior recommendation. The recurring interdiction issues that are beyond the control of the United States, as noted in our 2006

classified report, demonstrate the need for a written strategy to resolve these issues.

9. While State said that it has PSI policies and procedures that are not recorded in a single document, it did not provide GAO any evidence of its written PSI policies and procedures.
10. Although State reports providing funding to support certain PSI exercises, State has not requested funds necessary for PSI-related activities, as called for in the law.
11. This statement was based on information from U.S. agency officials. We have modified the text in our report to attribute it to agency officials.
12. We have updated our report to reflect the Senate's actions.

Appendix VII: Comments from the Department of Defense

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



GLOBAL SECURITY
AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
2900 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2900

OCT 10 2008

Mr. Joseph A Christoff
Director, International Affairs and Trade
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548.

Dear Mr. Christoff:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-09-43, 'NONPROLIFERATION: U.S. Agencies Have Taken Some Steps, but More Effort Is Needed to Strengthen and Expand the Proliferation Security Initiative,' dated September 30, 2008 (GAO Code 320563). The GAO Report contained one recommendation for the Department of Defense. The Department concurs with the recommendation and has already taken steps to implement it.

My point of contact for the report is Ms. Beth Flores, 703-692-0147.

Sincerely,

Richard J. Douglas
Deputy Assistant Secretary of Defense
Counter narcotics, Counterproliferation and Global Threats

GAO DRAFT REPORT DATED SEPTEMBER 30, 2008
GAO-09-43 (GAO CODE 320563)

“NONPROLIFERATION: U.S. AGENCIES HAVE TAKEN SOME STEPS,
BUT MORE EFFORT IS NEEDED TO STRENGTHEN AND EXPAND THE
PROLIFERATION SECURITY INITIATIVE”

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION

RECOMMENDATION: The GAO recommended that the Secretary of Defense, in cooperation with the Department of State, take additional steps to increase cooperation, coordination, and information exchange between the United States and the more than 70 PSI countries that do not attend the multilateral PSI planning meetings. (p. 26/GAO Draft Report)

DOD RESPONSE: DoD concurs with this recommendation and has already taken several steps to implement it, working in close cooperation with the Department of State and other relevant U.S. government Departments and Agencies. In February 2008 at the PSI Operational Experts Group (OEG) meeting in London, a Department of Defense official proposed that the OEG increase its efforts to build the knowledge and capacity of all PSI partners. That objective was formally captured in the Washington Declaration, which was adopted by the PSI-endorsing countries at the Department of State-hosted PSI 5th Anniversary Senior-Level Meeting held in Washington, DC on May 28, 2008. Over the past several years, there have been multiple engagements with non-OEG PSI partners to explore operational concepts through live and table top exercises. In 2008 alone, the U.S. sponsored two bilateral table top exercises with Malta and Croatia, respectively, focusing on the implementation procedures of PSI shipboarding agreements. Additionally, the U.S. (USEUCOM and USSOUTHCOM), Croatia, Djibouti, France, Poland, and New Zealand hosted PSI exercises that involved more than thirty non-OEG PSI-endorsing countries from the Western Hemisphere, North Africa, Europe and Asia-Pacific regions. OSD and Joint Staff worked together to establish a task-organized delegation of experts from the Department of Defense, the Department of State, the Department of Homeland Security, the Department of Justice, the Department of Energy, the Department of Commerce, the Department of Treasury and organizations across the intelligence community. In 2009, DoD will sponsor two major PSI events that will emphasize capacity-building involve non-OEG PSI partners. OSD and SOUTHCOM will host an Operational Experts Group meeting in Miami, FL and will invite regional PSI partners from the Western

See comment 1.

**Appendix VII: Comments from the
Department of Defense**

Hemisphere to participate. This will be the first time an OEG meeting will integrate regional partners and gear content toward regional aspects of the proliferation challenge. In October 2009, USCENTCOM will host a PSI exercise, inviting PSI partners from the region and integrating non-military elements of interdiction into the design. In sum, the above activities reflect a concerted effort among the Department of Defense, the Department of State and other U.S. government Departments and Agencies to extend the reach of PSI capacity-building efforts to all PSI endorsing countries.

Attachment

The following are GAO's comments on the Department of Defense's letter dated October 10, 2008.

GAO Comments

1. We have added information to the report noting the 2009 PSI events DOD will be sponsoring.

Appendix VIII: Comments from the Department of Justice



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Washington, DC
October 22, 2008

Joseph A. Christoff
Director, International Affairs and Trade
U.S. General Accountability Office
441 G Street, NW
Washington, DC 20548

Thank you for providing the Federal Bureau of Investigation the opportunity to comment on the draft report *NONPROLIFERATION: U.S. Agencies Have Taken Some Steps, But More Effort is Needed to Strengthen and Expand the Proliferation Security Initiative*. The FBI concurs with the recommendation presented in the GAO report. However, the FBI would like to describe how we are mitigating the issues regarding the recommendation.

GAO Recommendation: Since PSI activities are increasingly focused on law enforcement issues, we recommend that relevant law enforcement agencies such as Customs and Border Protection (CBP), FBI, and Coast Guard establish clear PSI policies and procedures, and work toward developing performance indicators to support PSI activities, including PSI workshops, training courses, and exercises.

As an agency with both intelligence collection and law enforcement investigative responsibilities, the FBI is bound by a number of operating documents, primary of which are the Attorney General Guidelines (AGG) in addition to numerous other departmental and agency policy documents which are clearly defined.

FBI PSI related activities are captured as part of the FBI's Strategic Management System (SMS). Under SMS the FBI is required to meet performance metrics on a quarterly and/or yearly basis.

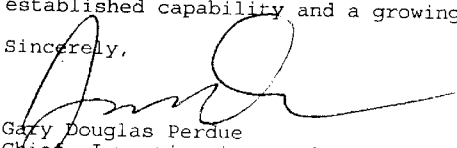
The GAO finding that there is no specific departmental budget line item supporting PSI is correct. PSI activities are covered by the Counterproliferation Operations Unit (CPOU), which is part of the Weapons of Mass Destruction Directorate (WMDD), which is in turn a component of the FBI's National Security Branch (NSB). As a sub-program, there is no specific line item in the congressional budget request. However, funding for PSI is a

**Appendix VIII: Comments from the
Department of Justice**

priority matter within CPOU/WMD. In FY 2009, the FBI increased the number of personnel assigned to PSI.

While it is true that most activities to date have focused on the 20 leading PSI countries, it is important to note that the FBI maintains a network of overseas Legal Attaches (Legats), based at U.S. embassies, covering all of the remaining PSI partner nations. Many of these Legats have received PSI specific training. As the overall mission of the FBI Legats is to foster liaison and cooperation with our global partners in the realm of law enforcement and criminal intelligence, the FBI maintains an established capability and a growing commitment to PSI.

Sincerely,



Gary Douglas Perdue
Chief, Investigations and Operations Section
Weapons of Mass Destruction Directorate
Federal Bureau of Investigation

Appendix IX: GAO Contact and Staff Acknowledgments

GAO Contact

Joseph A. Christoff, (202) 512-8979, or Christoffj@gao.gov

Staff Acknowledgments

In addition to the individual named above, Godwin Agbara, Assistant Director; Ian Ferguson; Yana Golburt; Helen Hwang; and Lynn Cothorn made key contributions to this report.

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