



A publication of the Center for
Nonproliferation Studies, Monterey
Institute of International Studies

NIS EXPORT CONTROL Observer

ОБОЗРЕНИЕ ЭКСПОРТНОГО КОНТРОЛЯ

Издание Центра исследований проблем нераспространения, Монтерейский институт международных исследований

Inside this Issue

Recent Developments in the NIS 2	Embargoes and Sanctions Regimes 8
– Export Control Law Adopted in Kyrgyzstan	– Powell Cites Iraqi Attempts to Acquire Dual-Use Equipment from Slovenia
– Ukraine Amends Law On Scrap Metal	– U.S. Sanctions Imposed on Indian Company
– Russia Tightens Control over Exports of Portable Surface-to-Air Missile (SAM) Systems	
– Russia Updates Nuclear Dual-Use Control List	
– Georgian Government Approves Amendments to Export Control Law	
– Export Control Center in Kazakhstan Expands Activities	
	Illicit Trafficking 10
	– Minsk Denies Involvement in Shipping Military Equipment to Iraq
	– Suspects Indicted for Attempting to Illegally Ship Arms to Iran
	Summaries from the NIS Press 12
	– Radioactive Materials Lost at a Georgian Military Base
	– Reported Intrusion at Vector Denied
Changes in NIS Export Control Personnel. . . . 4	
– Analyzing Personnel Changes at Minatom	
– Ukraine Redistributes Export Control Responsibilities	
	International Developments. 14
	– United States and India Sign Statement on High-Technology Trade and Discuss Nuclear Safety Issues
	– The United Kingdom Moves to Introduce New Export Control Regulations
International Supplier Regimes. 5	
– Romania Continues Efforts to Join the MTCR	
– Closing Loopholes in Missile Controls	
	Export Control in Focus 15
	– Emerging Export Control Priority: Catch-All Controls
International Assistance Programs. 7	
– Second Line of Defense: Kazakhstani Customs Officers Receive Training	
– U.S. DOE Requests 30% Increase for Nonproliferation Programs	
– G-8 Global Partnership Look to Evian Summit	
	Workshops and Conferences 16
	– Transit Agreement Reviewed in Tbilisi

Special Report

Status of Russian Export Controls. 17
Interview with Sergey Yakimov, Director of the Department of Export Control at the Russian Ministry of Economic Development and Trade

Recent Developments in the NIS

Export Control Law Adopted in Kyrgyzstan

On January 23, 2003, the Legislative Assembly (Zakonodatelnoye Sobraniye) of the Kyrgyzstani Parliament (Zhogorku Kenesh) adopted the law *On Export Control*. The document was signed into law by Kyrgyzstani President Askar Akayev and came into force in March 2003.

The law, prepared by the Ministries of Defense, Foreign Trade and Industry, and Foreign Affairs, was originally debated at a session of the Legislative Assembly on September 26, 2002. The Assembly voted for the draft law on the first reading, noting however that it required further revision. On December 27, 2002, the Legislative Assembly considered a revised draft, which it eventually adopted in January 2003.

To implement the law, the Kyrgyzstani Government issued a draft directive to establish an interagency working group for export control. The group will work to implement the new law, create the regulatory and legal framework required to establish an export control system in the Kyrgyz Republic, and draft the national export control list.

Marat Yusupov, Head of UN and International Security Office
Ministry of Foreign Affairs of the Kyrgyz Republic

Ukraine Amends Law On Scrap Metal

On December 25, 2002 the Ukrainian Supreme Council amended the Law *On Scrap Metal*.^[1] The amended law now prohibits the export of scrap alloyed with ferrous metal, non-ferrous metal, and unrefined copper in ingots, pigs, plates, and other molds. One of the most important provisions of the new law prohibits the export of scrap metal from Ukrainian armed forces, including military academies, training grounds, military bases, and installations. The export ban applies to scrapped items of military equipment, ships, and aircraft, as well as railway rolling stock. The Cabinet of Ministers is responsible for creating the official list of military facilities from which the export of scrap metal is prohibited.^[2] Under the new law, only specialized reprocessing metallurgical plants, which have internal quality control systems that satisfy the ISO-9000 standards, can receive an export quality certificate issued by the government and are authorized to export the ingots and pigs of non-ferrous scrap metal that are produced at these plants.^[1] President Kuchma signed the law into effect on January 13, 2003.^[3]

Sources: [1] "Zaslou eksportu loma tsvetnikh metallov," UNIAN news agency, January 17, 2003; *Sevastopolskaya gazeta*, No. 3, January 17, 2003, <<http://gazeta.sebastopol.ua/2003/03/zaslou.shtml>>. [2] "Ukrainian Parliament Tightens Control Over Scrap Metal Export," UNIAN news agency, December 26, 2002; BBC Monitoring International Reports; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [3] "Kuchma dobil metallolom," *Delovaya nedelya*, January 13, 2003; Ukrainian Scrap Metal Association website, <<http://www.ukrscrap.com.ua/news/index.htm>>.

Russia Tightens Control over Exports of Portable Surface-to-Air Missile (SAM) Systems

In an interview with Interfax news agency, Nikolay Gushchin, director of the Design Bureau of Machine-Building in Kolomna, Moscow Oblast, indicated that Russia has tightened control over the export of portable SAMs in response to the loss of Russian military aircraft that have been shot down by rebels using such systems in Chechnya.^[1,2,3] Gushchin noted that contracts for the export of portable SAMs now include a provision giving the Russian government the right to verify the presence of delivered missile systems in the recipient country.^[3] Gushchin added that Russia is urging the former Soviet republics to tighten controls on the export of such systems. According to Gushchin, there are more than 300,000 portable SAMs around the world. Producers of such systems include China, France, Pakistan, Russia, and the United States.^[3]

In a related development, at the eighth plenary meeting of the Wassenaar Arrangement (WA), in Vienna, on December 11-12, 2002, member states declared their willingness to tighten the control over the export of SAMs. According to an official public statement issued on December 12, 2002, "A number of additional proposals aimed at strengthening export controls as part of the fight against terrorism and against illicit transfers were made. In this context, Participating States also agreed to review existing WA guidelines

regarding Man-Portable Air Defense Systems (MANPADS) to assess the adequacy of these guidelines in preventing terrorist use of such systems.”[4,5]

Sources: [1] A complete dossier on the Kolomna Design Bureau of Machine-Building is available through the CNS database of NIS country profiles developed for the NTI at <<http://nti.org/db/nisprofs/russia/delivry/kbm.htm>>. [2] The most tragic example of the use of portable anti-aircraft missile systems was the downing of a Mi-26 Russian army transport helicopter near Khankala in Chechnya in August 2002, which resulted in 115 casualties. “Russia to mourn helicopter dead,” BBC News World Edition, August 21, 2002, <<http://news.bbc.co.uk/2/hi/world/europe/2206541.stm>>. [3] “Russia tightens control over export of surface-to-air missile complexes,” Interfax, February 14, 2003; and “Russia tightens control over export of portable anti-aircraft missiles,” Interfax-AVN, February 14, 2003, BBC Monitoring International Reports, February 17, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [4] Public Statement, 2002 Plenary of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies. December 12, 2002, Vienna, Austria. Wassenaar Arrangement website, <http://www.wassenaar.org/docs/public_statement_021212.htm>. [5] Such action comes on the heels of suspected al-Qaeda operatives firing two Soviet era SA-7 MANPADS at an Israeli charter jet taking off from Mombasa, Kenya, with 271 people aboard, on November 28, 2002. Fortunately, the missiles missed their target. “Al Qaeda claims responsibility for Kenya attacks,” CNN, December 3, 2002, <<http://www.cnn.com/2002/WORLD/africa/12/02/kenya.probe/index.html>>.

Russia Updates Nuclear Dual-Use Control List

On January 14, 2003, Russian President Vladimir Putin signed Edict No. 36, *On Approval of the List of Dual-Use Equipment and Materials and Corresponding Nuclear Technology Subject to Export Controls*, updating Russia’s list of nuclear dual-use equipment and materials.[1] The new Edict replaced Presidential Edict No. 228 of February 21, 1996, *On Export Control of Dual-Use Materials, Equipment, and Related Technologies, Used for Nuclear Purposes*. The changes have been interpreted by the Ministry of Atomic Energy as an opportunity to expand Russian nuclear exports, as the export of some items previously considered to pose a security threat is now allowed. A Minatom spokesperson noted that Russian nuclear technology is in high demand.[2] Russia is building nuclear reactors in Iran (Bushehr), India (Koodankulam), and China (Lianyungang Nuclear Power Plant), and supplies nuclear technology to several other countries.[3]

Sources: [1] Presidential Edict No. 36, *Ob utverzhdenii Spiska oborudovaniya i materialov dvoynogo naznacheniya i sootvetstvuyushchikh tekhnologii, primenyayemykh v yadernykh tselyakh, v otnoshenii kotorykh osushchestvlyayetsya eksportnyy control*, *Rossiyskaya gazeta*, No. 11, January 22 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] German Solomatin, ITAR-TASS, January 15, 2003; in “Updated dual-use list to expand international nuclear cooperation,” FBIS Document ID CEP20030115000401. [3] NIS Nuclear Profiles Database, NTI website, <<http://nti.org/db/nisprofs/russia/exports/intro.htm>>.

Georgian Government Approves Amendments to Export Control Law

On January 8, 2003 the government of Georgia approved a bill proposing changes and amendments to the *Law On Export Control over Armaments, Military Equipment and Dual-Use Goods*. [1] According to the document, the Georgian Ministry of Justice will be the licensing authority for export, import, re-export, and transit of weapons, as well as for services and activities related to the production of weapons. [1] The export and import of strategic dual-use goods will be licensed by the Georgian Ministry of Economy, Industry, and Trade. [2] The bill stipulates that transit licenses for dual-use goods are required only for goods included on a “special list.” [1] The transit of all other dual-use goods through Georgia will be monitored by the Georgian Customs Service in compliance with general customs rules. [2]

The proposed new amendments would also introduce changes in the list of documents required for license applications. In addition to the documents mandated by the *Law On Licensing of Entrepreneurial Activity and Grounds for Issuance of Licenses*, license applicants for the export and import of weapons must present an export and/or import contract and a production certificate. [1,2,3] License application files for the export of dual-use goods that appear on the “special list” must also provide an end-user certificate, which must include explicit assurances from authorized government bodies in the recipient country that the delivered dual-use goods will be used for peaceful purposes only and that the goods will not be sold to a third country without the prior approval of the exporting country. [2,3]

The bill urges importers and exporters of weapons, military equipment, and dual-use goods to inform relevant government agencies about their business activities in a timely fashion and in full compliance with the rules and regulations stipulated by the Administrative Code of the Republic of Georgia. [2,3]

After approval by the Georgian government, the bill was sent to the Georgian parliament for further legislative discussions. [1]

Sources: [1] Eka Mekhuzla, "Pravitelstvo Gruzii odobrilo zakonoprojekt o novom poryadke eksportnogo kontolya za vooruzheniyami i voyennoy produktsiyey," ITAR-TASS, January 9, 2003, Integrum Techno, <<http://afnet.integrum.ru>>. [2] "Georgian Justice Ministry to issue permits to export, import arms," Black Sea Press, January 9, 2003, FBIS Document ID CEP20030109000191. [3] "Razresheniye na eksport i import oruzhiya budet vydavat ministerstvo yustitsii," Economic Newline, Black Sea Press, January 9, 2003, Abkhazeti.ru website, <http://abkhazeti.ru/news_detail.php?id=3967>.

Export Control Center in Kazakhstan Expands Activities

With the help of a new grant from the U.S. Department of Energy, the IBT-Astana Information and Analytical Center for Export Control and Information Technology, established in Astana in 2001, will expand its work in the coming year. The primary goal of the Center is to facilitate foreign economic relations through research, analysis, consulting, training, and other activities in the areas of export control, export licensing, and information technologies. The Center works in cooperation with U.S. and Kazakhstani government agencies, international organizations, and scientific research centers, focusing on export controls, international trade, and information technologies. The Center is headed by Mr. Sagadat Bralin, formerly chief specialist at the Department of Export Controls and Licensing, Ministry of Energy, Industry and Trade of the Republic of Kazakhstan, and has a staff of five specialists, with expertise in information technology and export controls.

At present, the Center is involved in three main projects:

1. The adaptation and installation of internal compliance software at companies exporting military and dual-use products;
2. The adaptation and fine-tuning of the *Tracker* automated export control and licensing system adopted by the Kazakhstani government;
3. The introduction of amendments and supplements to export control legislation, including revision of the national control list, export control rules and procedures.

The other short-term and long-term projects of the Center include:

1. Implementation of a low-earth orbit satellite-based information system to track the transit of goods in Central Asia and the Caucasus;
2. Dissemination of and provision of technical support for the *Tracker* system;
3. Establishment of a division within the Center that would focus on training and consulting on World Trade Organization issues;
4. Creation of a web-based export control resource and the upgrade of the Center's telecommunication infrastructure;
5. Other IT projects on automation and monitoring solutions for export controls, information security, etc.

For more information on the Center's activities, contact Sagadat Bralin (telephone: 7-3172-398-145; email: sbralin@mail.ru)

Changes in NIS Export Control Personnel

Analyzing Personnel Changes at Minatom

Several recent personnel changes within the Ministry of Atomic Energy have both positive and negative implications for Russia's nuclear export control system. In particular, recent Minatom appointments of personnel loyal to the Putin administration point to a desire for tighter central control over nuclear export revenues. For example, in January 2002 Vladimir Smirnov, former head of the St. Petersburg power company, was appointed head of Techsnabexport (TENEX), Minatom's largest commercial exporter. Similarly, Minister of Atomic Energy Aleksandr Rumyantsev has recently expanded the authority of Minatom's Deputy of Security, Anatoliy Kotelnikov, who was appointed in June 2001. Kotelnikov, a former FSB (security service) official, was given greater input over the selection of top Minatom managers. He was also appointed to the board of directors of TENEX.[1]

Efforts to centralize control over the nuclear industry could have security benefits. However, Minatom is simultaneously pursuing a more aggressive marketing of Russian nuclear technologies that might lead

Russia to further bend its informal commitments as a Nuclear Suppliers Group member and to move forward with nuclear transfers to sensitive countries, including Syria and Iran. Putin's team is anxious to replace the elder generation of nuclear decision makers with a team that has greater business savvy in order to both reform the agency and to increase exports as a key source of national revenue. According to Minister Romyantsev, Russia is going to increase exports by 24% in 2003, primarily by expanding exports of nuclear fuel and nuclear technologies.[2]

The drive to reform Minatom and ensure that it can compete in international markets is also reflected in the recruitment of managers with business and economic backgrounds, as opposed to the previous practice of promoting nuclear engineers from within the nuclear complex. For example, both first deputy ministers Igor Borovkov and Evald Antipenko have the skills to compete in a competitive market environment. Speaking to prospective nuclear managers, Romyantsev said: "Previously, there was no chance for a person who did not go through all the career steps in the nuclear industry, to become a top manager. Now the situation has changed." [3] According to the minister, managerial and marketing skills for top managers are as important as a nuclear background. This increasingly market-oriented approach may result in the discounting of security concerns.

Sources: [1] "Key tendencies of MINATOM development in 2003," Interview with Minister Alexander Romyantsev, *Atompressa* #49, Minatom website, <www.minatom.ru>, December 23, 2002. [2] "Closing the cycle," Nuclear.ru website, <<http://www.nuclear.ru/comments/full.html?id=48>>, December 4, 2002. [3] UGA interview with MINATOM official, December 18, 2002.

Ukraine Redistributes Export Control Responsibilities

On December 13, 2002, the Cabinet of Ministers of Ukraine issued a decree that assigned to the new prime minister, Viktor Yanukovich, the responsibility to supervise the Committee on Export Controls and Military Technical Cooperation with Foreign Countries.[1] Previously, such supervision was carried out by one of the deputy prime ministers. Experts believe that the authority upgrade was made to demonstrate the high level of importance the Ukrainian government attaches to export control issues. However, although the new decree formally has added another responsibility to the prime minister's job description, in reality the Committee will probably remain under the supervision of one of the deputy prime ministers. So far, Prime Minister Yanukovich has not demonstrated any intention of changing established mechanisms.

[1] The Decree is labeled "Not for publication; for internal use only." With such labeling, decrees are not published in the open press, and their full names and numbers are not available. Only the issue date and a brief summary are made available to the public.

International Supplier Regimes

Romania Continues Efforts to Join the MTCR

On February 13, 2003, Missile Technology Control Regime (MTCR) President Mariusz Handzlik (Poland) met with Romanian export control officials in Bucharest. The meeting was part of an MTCR initiative to assess the Romanian national system of control over the exports of missile components and technologies capable of delivering weapons of mass destruction (WMD).

Mr. Handzlik will be presenting the results of his assessment at the upcoming MTCR meeting in Paris in March, where Romania's candidacy to MTCR membership will be considered. According to the Romanian government press agency Rompres, Romania, which has received a formal invitation to join NATO, is likely to become a member of the MTCR.

Since 1992, Romania has complied with MTCR guidelines, a set of rules voluntarily followed by 33 MTCR member states. Romanian government agencies involved in controlling the exports of missile components and technologies include the National Defense Ministry, the Interior Ministry, the Ministry of Industry and Resources, the Foreign Ministry, the General Customs Directorate, and the National Agency for the Control of Strategic Exports and Ban on Chemical Weapons. Romanian industrial facilities that receive orders from abroad for components included in the MTCR lists must obtain approval from the Department of Weapons Control and Nonproliferation of the Foreign Ministry of Romania before initiating production.[1]

Closing Loopholes in Missile Controls

By Dennis M. Gormley, Senior Consultant, Center for Nonproliferation Studies

Missile nonproliferation received a palpable boost in potential effectiveness when diplomats from the 33 states party to the Missile Technology Control Regime (MTCR) convened in Warsaw in late September 2002 for their annual plenary meeting. These countries agreed to tighten ground rules for defining the true range of cruise missiles and unmanned aerial vehicles (UAVs) under the MTCR, a voluntary arrangement designed to restrict the export of ballistic and cruise missiles, UAVs, and related technologies. This means that cruise missiles and UAVs may now be treated with the same degree of attention that ballistic missiles have traditionally received.

The fact that 33 nations closed a critically important definitional loophole suggests a long-overdue willingness on the part of member states to address other regime weaknesses in dealing with cruise missiles and UAVs. In particular, the Warsaw plenary called for efforts to limit the risk that controlled items and their technologies would fall into the hands of terrorist groups and individuals.

Terrorist Use of UAVs

One such possibility of terrorist exploitation of UAV technology became evident in the aftermath of the new U.S. Department of Homeland Security's declaration of a Code Orange alert—meaning a high risk of terrorist attack—in February 2003. Senior Bush administration officials told *Wall Street Journal* reporters that the President was keenly interested in intelligence reports that Iraq was developing small, easily transportable UAVs that could be shipped into the United States or built here and then used to disseminate chemical or biological agents. In the aftermath of the September 11 attacks, the North American Air Defense Command had no ability to monitor U.S. airspace nor were its radar assets linked with those of the Federal Aviation Administration, which controls internal U.S. air traffic. Progress toward making such a linkage has occurred since September 11, 2001, but major holes remain, especially when dealing with detecting low-flying air vehicles. Thus, with the implementation of the Code Orange alert, the Federal Government created an "air defense identification zone" that blanketed the Washington-Baltimore metropolitan area's airspace under 18,000 feet, and required all general aviation pilots to file flight plans, use two-way communications, and employ discrete beacon codes so as to distinguish them from potentially hostile air vehicles. But such highly restrictive procedures are impossible to sustain permanently, or implement broadly across all major metropolitan areas throughout the nation.

A terrorist group need not bother with developing an armed UAV from scratch. There is a dizzying array of kit airplanes, or small hand-built recreational aircraft, available in today's marketplace. A review of web sites and industry publications reveals that nearly 100,000 copies have been assembled of the 425 different kit systems produced by worldwide manufacturers. Their average characteristics include a cruising speed of around 75 miles per hour, a range of 500 kilometers, a maximum weight of just fewer than 900 pounds, fuel and payload capacity of 450 pounds, a very short takeoff distance averaging 75 meters, a beginner build time of around 260 hours, and a cost well under \$25,000.

Even though small converted aircraft cannot begin to approach the carrying capacity of a jumbo jet's 60 tons of fuel, the mere fact that gasoline, when mixed with air, releases 15 times as much energy as an equal weight of TNT, means that even small aircraft can do significant damage to certain civilian and industrial targets. Such platforms also constitute effective means of delivering biological agents.

Making the Terrorist's Job More Difficult

The hardest part of transforming a kit or small private aircraft into a weapons-carrying pilotless attack system is developing and integrating a fully autonomous flight-management system into the aircraft. Nation states like Iraq are capable of such transformations. However, it is doubtful that a terrorist group could develop and integrate autonomous flight controls into such aircraft without outside help. But such help may be available. Small aerospace companies now offer fully autonomous flight management systems, along with all the necessary support services to help with system integration, in order to transform manned

aircraft into entirely autonomous air vehicles. No effective MTCR restrictions – not even case-by-case review of exports – now exist to monitor illicit foreign acquisition of these products and services.

While the MTCR membership has yet to address this important loophole, in January 2003, the United States proposed an “anti-terrorism” measure under the Wassenaar Arrangement that would provide for export control reviews and international notifications for all equipment, systems, and specially designed components that enable civil aircraft to be converted into UAVs. The Wassenaar Arrangement, consisting of 33 co-founding nations, strives to achieve transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies (including UAVs), but unfortunately does not possess the strong denial rules and no-undercut provisions (if one member denies an export, others must not undercut that decision) of the MTCR. Nevertheless, the Wassenaar Arrangement’s members should incorporate the U.S. proposal into its provisions and set an important precedent for the MTCR membership to do likewise.

By agreeing on new language clarifying the true range of cruise missiles and UAVs, the Warsaw plenary of the MTCR made an important contribution to controlling the spread of advanced cruise missiles and UAVs to hostile states. The regime’s membership can make a substantive difference in the war against international terrorism by turning its attention to the task of preventing autonomous flight controls from falling into the hands of terrorists and states of concern.

International Export Control and WMD Security Assistance Programs

Second Line of Defense: Kazakhstani Customs Officers Receive Training

A five-day training course for officers of the Kazakhstani Customs Agency was conducted in August 2002, at the Zhibek Zholy customs post, the largest in Yuzhno-Kazakhstan Oblast. The training was sponsored and organized by the U.S. Department of Energy’s Second Line of Defense Program in cooperation with the U.S. Customs Service and the U.S. Embassy in Almaty, Kazakhstan.[1] The training course aimed to assist Kazakhstani customs officers in interdicting illegal trafficking of arms, weapons, drugs, and other banned items. Practical training focused on development of basic skills in using modern customs inspection equipment, such as the fiberendoscope and “Buster” detectors, which allow users to view an object inside a metal casing. [1] At the end of the course, Zhibek Zholy customs post received a “Consolidated Inspection Kit,” a \$38,000 set of detection equipment designed for customs officials and border guards.[1,2] The United States plans to distribute 14 such kits to other customs posts in Kazakhstan.

In December 2002, a large group of customs officials and cadets from the Kazakhstani Financial Police Academy attended a training course in the United States on combating smuggling of nuclear and radioactive materials. This course was also organized under the U.S.-Kazakhstani Second Line of Defense Program. Specialists from Pacific Northwest, Sandia, and Los Alamos National Laboratories, as well as customs and police officials from Washington State, provided training during the course. U.S. officials offered to equip an auditorium at the Kazakhstani Financial Police Academy, so that those who received training in the United States could hold training workshops for their colleagues at home. All participants in the training program in the United States received radiation pagers and portable gamma radiation detectors.[3]

Equipment procurement and establishment of a training facility for the Kazakhstani Customs Agency has been another focus of the Second Line of Defense Program. Stationary systems for detection of fissile and radioactive materials, and digital cameras will be arriving in Korday and Karasu customs posts in Yuzhno-Kazakhstan Oblast, as well as the airport and the sea port in Aktau on the Caspian Sea, in early 2003. By the end of 2003, 15 additional Kazakhstani border posts will receive new equipment.[3]

Sources: [1] “Eksportnyy kontrol i bezopasnost gosudarstvennykh granits” (Export control and state border security),” KazAAG, August 26, 2002; in Integrum Techno, <<http://afnet.integrum.ru>>. [2] Aleksey Goncharov, “Krupneyshiy tamozhenny post YuKO ‘Zhibek-Zholy’ osnashchen novym amerikanskim oborudovaniyem, *Panorama*, No. 33, August 2002; in Integrum Techno, <<http://afnet.integrum.ru>>. [3] Zhanna Oyshymbayeva, “Liniya zashchity,” (The line of defense), *Kazakhstanskaya pravda*, No. 277-278 (23926-23927), December 21, 2002, p. 6. Second Line of Defense: Kazakhstani Customs Officers Receive Training

U.S. DOE Requests 30% Increase for Nonproliferation Programs

The U.S. Department of Energy requested approximately \$1.34 billion for Defense Nuclear Nonproliferation activities for fiscal year 2004. This amount represents a 30% (or \$312 million) increase over the fiscal year 2003 request of \$1.028 billion. The DOE's Defense Nuclear Nonproliferation account funds global nonproliferation programs, including threat reduction activities in the NIS.

A February 11, 2003, analysis by the Russian American Nuclear Security Advisory Council (RANSAC) notes several factors that undercut the significance of the DOE increase. First, most of the increase is to be used to construct a mixed-oxide fuel fabrication facility at the Savannah River Site in South Carolina. The DOE requested \$402 million for the facility in fiscal year 2004, approximately \$309 million more than in fiscal year 2003. Second, other programmatic increases have been offset by budget cuts to existing efforts. For example, DOE proposes a 120% increase to fund cooperative work on controlling radiological dispersal devices, while the budget for work with the Russian Ministry of Atomic Energy is reduced by 29%. Third, most core nonproliferation programs between the United States and the NIS have in fact been reduced or held to marginal growth in 2004. For example, funding for export control development in the NIS was increased by an inflation factor of 1.8% and the Second Line of Defense program, which assists NIS customs and border security officials in preventing WMD smuggling, is frozen at \$24 million.

Source: [1] William Hoehn, "Observations on the President's Fiscal Year 2004 Budget Request for Nonproliferation Programs in Russia and the Former Soviet Union," February 11, 2003, RANSAC Website, <<http://www.ransac.org>>.

G-8 Global Partnership Look to Evian Summit

The G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, launched at the 2002 G-8 Summit in Kananaskis, Canada, is moving forward to implement its program of expanded nonproliferation assistance for Russia and other nations. At Kananaskis, the group announced a broad plan to provide up to \$20 billion in aid – \$10 billion from the United States and \$10 billion from other G-8 members – in the ten years ending 2013. The members of the Global Partnership are Canada, France, Germany, Italy, Japan, Russia, the United States, the United Kingdom, and the European Union.

Since the 2002 Summit, members have announced \$15 billion in pledges towards the \$20 billion goal,[1] but progress on implementing the Global Partnership has been slowed by disputes concerning the group's guidelines governing the provision of assistance. In particular, disagreements continue over provisions in individual bilateral and multilateral implementing agreements regarding Russian taxation of assistance and regarding liability for damages arising from G-8 sponsored programs. Little progress was made on these issues at the recent meeting of the Senior Officials Group in early March 2003, according to knowledgeable officials.

With the next G-8 Summit scheduled for June 1-3, 2003, in Evian, France, members hope that these issues can be resolved and that they will be able to report substantial progress regarding financial commitments, planned and on-going assistance projects, and efforts to bring additional states into the Global Partnership.

Source: [1] For more details on pledges per country, see RANSAC website: (http://www.ransac.org/new-website/whatsnew/100902_sfrc_testimony.html)

Embargoes and Sanctions Regimes

Powell Cites Iraqi Attempts to Acquire Dual-Use Equipment from Slovenia

In his February 5, 2003 address to the United Nations Security Council, U.S. Secretary of State Colin Powell alleged that Iraq has made repeated covert attempts to acquire high-specification aluminum tubes, magnets, and high-speed balancing machines that can be used in a gas centrifuge program to enrich uranium. Specifically, Powell indicated that in 1999 and 2000, Iraqi officials negotiated with firms in Romania, India, Russia, and Slovenia for the purchase of a magnet production plant. According to Powell, Iraq wanted the plant to produce magnets weighing 20-30 grams, the same weight as magnets used in Iraq's gas centrifuge program before the Gulf War.[1]

In response to concerns voiced by Slovenian authorities regarding possible ramifications of Powell's speech, the U.S. Embassy in Slovenia issued the following statement: "U.S. Secretary of State Colin Powell used the example of Slovenia exclusively to present Iraqi attempts to obtain substances for its nuclear weapons program. This was an unsuccessful attempt by Iraq to purchase these substances. Due to strict export control procedures in Slovenia, there was no export. There was no change as regards bilateral relations between the United States and Slovenia because of this." [2] In a related development, the administrations of the Slovenian companies Iksra Feriti and Magneti Ljubljana d.d. (both located in Ljubljana), which specialize in the production of metallic magnets, also denied having any business relations with Iraq. [3]

On January 27, 2003, IAEA Director General Mohammed ElBaradei, in reporting to the UN Security Council on IAEA inspection activities in Iraq, stated that the agency had determined that the aluminum tubes, sought by Iraq from a number of sources, did not appear to be intended for use in a uranium enrichment program. He noted that the IAEA was continuing to investigate the issue. [4]

Sources: [1] Remarks to the United Nations Security Council, Secretary Colin L. Powell, New York City, February 5, 2003, U.S. Department of State website, <<http://www.state.gov/secretary/rm/2003/17300.htm>>. [2] Vecer website, February 10, 2003; BBC Monitoring International Reports, February 10, 2003; in "US Embassy Spokesperson Explains Powell's Mention of Slovenia in UNSC," Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [3] "Slovene Companies Deny Sale of Banned Magnets to Iraq," Television Slovenia, February 6, 2003; BBC Monitoring International Reports, February 6, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [4] "The Status of Nuclear Inspections in Iraq," Statement to the UN Security Council by Mohamed ElBaradei, the Director General of IAEA, New York, January 27, 2003, <<http://www.un.org/News/dh/iraq/elbaradei27jan03.htm>>.

U.S. Sanctions Imposed on Indian Company

On February 4, 2003, the U.S. State Department announced sanctions on an Indian chemical engineering company, NEC Engineers Private, Ltd., and its president Hans Raj Shiv, for "knowingly and materially contributing to Iraq's chemical/biological weapons (CBW) program." [1] According to Indian press reports, the company shipped dual-use equipment to Iraq through Middle Eastern countries between September 1998 and February 2001. [2,3] The sanctions were applied in accordance with the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991. Under the sanctions, the U.S. Government will not procure, or enter into any contact for the procurement of, any goods or services from the sanctioned entity and its successors. The importation into the United States of products produced by the sanctioned entity and its successors is also forbidden. The sanctions will remain in effect for at least twelve months. [1]

This action follows prior sanctions imposed by the U.S. State Department in July 9, 2002, on NEC's president Hans Raj Shiv, pursuant to the Iran-Iraq Arms Nonproliferation Act of 1992 and the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991, for "knowingly and materially contributing, through the transfer of goods or technology," to Iraq's efforts to "acquire chemical weapons or destabilizing numbers and types of advanced conventional weapons." [1,4]

NEC came under international scrutiny in September 2002, after British Prime Minister Tony Blair accused the company of illegal exports of missile and CW technology to Iraq. [3] An investigation into the company's activities had already been launched in the spring of 2001 by the Directorate of Revenue Intelligence (DRI), the Indian government agency monitoring exports, after a tip-off from British intelligence. [3,4] This investigation revealed that NEC used its associate and front companies in India, Jordan, and the United Arab Emirates (UAE) and false customs declarations to divert controlled equipment from the declared destinations – Jordan and the UAE – to Iraq. [3,6] The equipment was allegedly destined for two weapons-related sites in Iraq: a rocket fuel production facility at Al Mamoun and the Fallujah II chlorine plant. NEC is also suspected of providing technical assistance to Iraq for the reconstruction of the Fallujah II plant, which was destroyed during the 1991 Persian Gulf war. [4]

Although the investigation is on-going, preliminary findings led to several searches of NEC's India-based offices and arrests of its managers. In March 2001 and June 2002, Indian authorities raided NEC offices as well as the managers' homes in New Delhi, Bombay, and Chennai, and seized company documents, including customs declarations and shipping records. [4] In May 2001, DRI issued an alert to customs offices at Indian airports and maritime ports to stop NEC shipments. [4] On August 22, 2002, the Indian

Ministry of Commerce suspended the company's export license. Three managers of the company were also arrested: Rajiv Dhir, NEC's general manager (June 2002); Anna Kumar, NEC's Chennai office representative (September 2002); and R.C.P. Choudhary, the technical director of the company, who was arrested upon his return to India from the United States in January 2002. Choudhary was detained under the Conservation of Foreign Exchange and Prevention of Smuggling Act.[2,3,4,5,7] The suspects' passports were also revoked.[8] However, the main suspect – NEC's former president – has fled the country and is believed to be residing in the UAE.[4]

In spite of Indian authorities' efforts to prevent further proliferation from NEC, the investigation showed that the company continued its illegal activities during the investigation. For instance, investigators discovered that NEC by-passed the DRI alert to customs checkpoints by using newly created subsidiaries or front companies to maintain its exports.[4] Indian media reports also suggest that NEC exported controlled material to Iraq under the UN Food-for-Oil Program, without proper approval from UN authorities.[9]

As of March 2003, NEC and six of its representatives have been officially charged by the Directorate of Revenue Intelligence for violation of India's Export-Import Policy Guidelines (1997-2002).[6]

Editor's note: India's export/import policy, revised every five years, provides specific guidelines within the framework of India's basic export control law – the Foreign Trade Development and Regulation Act of 1992.

Sources: [1] "Sanctions Imposed on Indian Entities Pursuant to the Chemical/Biological Weapons Sanctions Law," Fact Sheet, Office of the Spokesman, Washington DC, February 19, 2003. U.S. State Department website, <<http://www.state.gov/r/pa/prs/ps/2003/17801.htm>>. [2] "Indian Documents suggest Iraq Violated U.N. Resolutions," February 5, 2003, CNN website, <<http://www.cnn.com/2003/world/asiapcf/south/02/05/srpj.iq.chemicals/index.html>>. [3] "Arms Control: The Indian Connection," *India Today*, October 14, 2002, p. 54. [4] "Indian Firm Aided Iraq," *Los Angeles Times*, January 19, 2003, p. 1. [5] "Official of 'Tainted' Delhi Firm Arrested", *The Hindu*, January 26, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [6] NEC-Charge sheet, The Press Trust of India, March 2, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [7] "India: Officials Fault British Dossier for Reference to Firm," Global Security Newswire, September 27, 2002, NTI website, <http://nti.org/d_newswire/issues/2002/9/27/15s.html>. [8] "Court-Iraq," The Press Trust of India, December 25, 2002; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [9] "NEC Used a UN Plan to Ship Material to Iraq," *The Indian Express*, February 27, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>.

Illicit Trafficking

Minsk Denies Involvement in Shipping Military Equipment to Iraq

On January 12, 2002, Lebanese customs officials at the Beirut International Airport discovered 13 tons of military equipment aboard a flight from Minsk, the capital of Belarus.[1,2] The boxes labeled "Head Protectors" raised the suspicions of Lebanese customs officials, who performed a spot check of a randomly selected box stored in a transit hangar. The inspection revealed helmets, uniforms, and wireless communications equipment designed for tank crews.[1,2] Lebanese customs authorities seized the total shipment of 600 helmets and 240 wireless communication sets.[3] Lebanese security officials suggested that the cargo was supposed to be disguised as food and subsequently intended for transit by land to Iraq via Syria, in violation of the UN-imposed ban on arms supplies to Iraq.[2,4,5]

On January 16, 2003, the Lebanese Prosecutor General Adnan Addoum confirmed that the illegal shipment originated from Belarus, based on information received from the Military Prosecutor's Office.[6,7] Two Lebanese citizens, Walid Zaatari and Khalil Asaad, listed as importers in the export documents were arrested and fined 240 million Lebanese pounds (\$160,000).[1,3,4,5] On January 15, 2003 after questioning by the Lebanese military authorities, Zaatari and Asaad were released after posting the required bails of 120 million Lebanese pounds (\$80,000) each.[2,3,8].

An Iraqi diplomat in Beirut denied that Iraq had any links with the shipment or the importers.[2,3] On January 14, 2003 the acting press-secretary of the Belarussian Ministry of Foreign Affairs, Andrey Savinykh, also denied the Lebanese allegations, noting that: "The Belarussian Ministry of Foreign Affairs rules out the possibility of the supply of dual-purpose goods to Iraq. Belarus strictly observes generally accepted international standards on trade in dual-purpose products." [2,3,9] The official statement of the

Belarusian Ministry of Foreign Affairs issued on January 15, 2003 dismissed media reports as aimed at “creating a negative background on the eve of President Vladimir Putin’s visit to the Republic of Belarus.”[7,10] The statement reiterated that “cooperation with Iraq is carried out in strict compliance with the sanctions of the UN Security Council, which categorically exclude any possibility of dual-use goods shipments to this country.”[7,10]

Sources: [1] “Military Equipment Seized,” *Western Morning News* (Plymouth), January 15, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [2] Sam F. Ghattas, “Beirut customs seizes military equipment destined for smuggling to Iraq, officials say,” Associated Press, January 14, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [3] “Military equipment reportedly intercepted en route from Belarus to Iraq,” *RFE/RL Newswire*, January 15, 2003, <<http://www.rferl.org/newsline/2003/01/150103.asp>>. [4] Badih Chayban, “2 detained for smuggling military gear to Iraq,” *Daily Star*, January 15, 2003; reproduced in *Lebanonwire*, January 15, 2003, <<http://lebanonwire.com/0301/03011507DC.asp>>. [5] “Lebanon Seizes Belarusian Military Equipment Intended For Iraq,” Radio Russia, January 14, 2003, BBC Monitoring International Reports; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [6] “Ochevidnoye-neveroyatnoye,” *Belorusskaya delovaya gazeta*, January 22, 2003; Integrum database, <<http://afnet.integrum.ru>>. [7] “Belarus denies having sent military cargo to Iraq,” *RFE/RL Newswire*, January 16, 2003, <<http://www.rferl.org/newsline/2003/01/160103.asp>>. [8] “Transporters of Belarusian Arms Set Free in Lebanon,” *Gazeta.ru*, January 15, 2003; reproduced in Charter’97 Press Center, January 15, 2003, <<http://www.charter97.org/eng/news/2003/01/15/lib>>. [9] “Belarus denies exporting military equipment to Iraq,” Bialystok Radio Ratsyya, January 14, 2003; FBIS Document ID EUP20030114000531. [10] Statement by the Ministry of Foreign Affairs of the Republic of Belarus, January 15, 2003; Belarusian Ministry of Foreign Affairs website, <http://www.mfa.gov.by/eng/view.php?s_id=26>.

Suspects Indicted for Attempting to Illegally Ship Arms to Iran

On March 4, 2003, federal officials at the U.S. Attorney’s office in Baltimore, Maryland, announced the indictment of two Taiwanese businessmen for conspiracy to violate the *Arms Export Control Act* and the Iranian Embargo.[1]

En-Wei Eric Chang, age 28, a naturalized United States citizen and resident of Taiwan, and David Chu, alias Chu Loung Hsiang, age 39, also a resident of Taiwan, were indicted on February 13, 2003, by a federal grand jury for conspiring to a) export merchandise to Iran in violation of the Iranian Embargo and b) export, and temporarily import, defense articles on the U.S. Munitions List without the required license and conceal the foreign end user, contrary to the *Arms Export Control Act*.

The Iranian Embargo, established by President Clinton in Executive Order No. 12959 on May 6, 1995, prohibits the export of goods, technology, and services of any kind from the United States to Iran, either directly or through an intermediary.[2]

The *Arms Export Control Act* and the International Traffic in Arms Regulations (ITAR) authorize the U.S. Department of State’s Office of Defense Trade Controls (OTDC) to establish the U.S. Munitions List.[3,4] This list is a catalog of designated “defense articles” that are subject to export and some import restrictions. In particular, any person intending to temporarily export or import items from the U.S. Munitions List must obtain from a license OTDC, which identifies the final destination of the goods.

According to the indictment, the defendants allegedly sought to purchase for export to Iran the following items from the U.S. Munitions List: early warning radar equipment, satellite images of Tehran, state-of-the-art night vision equipment, and other military use technology.

Their operation was discovered when Chang contacted a Maryland corporation about the possibility of acquiring satellite space images of Tehran for export to Iran. The corporation reported the request to the Defense Security Service, a result of “Project Shield America,” an initiative by the U.S. Customs Service (now the Bureau of Immigration and Customs Enforcement, or ICE, in the Directorate of Border and Transportation Security at the Department of Homeland Security) to address trafficking in weapons of mass destruction and related materials. Launched in December 2001, Project Shield America has attempted to build relationships between the U.S. Customs Service and businesses to gain their support in customs enforcement efforts.[5]

To pursue the investigation, federal agents with the U.S. Customs Service and the Defense Criminal Investigative Service established a fictitious business. The indictment states that the men corresponded with this business in order to purchase special antennae used to detect radar systems for shipment to Iran. Chu

traveled to the U.S. Territory of Guam in February of 2003 to pick up the antennae. It was here that he was arrested on February 22, 2003, by U.S. Customs agents, with the assistance of the Guam Police Department. Chang remains a fugitive in Taiwan.

The motive for these dealings is argued in the indictment to be personal enrichment. Quoted by the Associated Press, U.S. Attorney Thomas DiBiagio, who is overseeing the case in Baltimore, said "There's a tremendous amount of money to be made by businessmen who can move what we might consider second-hand parts." [1]

If convicted, the defendants could receive five years in federal prison and/or a fine of \$250,000. [6] An indictment is not a finding of guilt. An individual charged by an indictment is presumed innocent unless and until proven guilty at some later criminal proceeding.

Chu's initial court appearance is scheduled for March 11, 2003, at the Baltimore Division of the United States District Court for the District of Maryland.

Sources: [1] "U.S. Foils Iran Weapons-Smuggling Plot." *The Washington Post*. March 4, 2003; "Two Men Charged with Conspiracy to Export Military Equipment to Iran." Press Release, U.S. Department of Justice, United States Attorney, District of Maryland, Northern Division. March 4, 2003, <http://www.usdoj.gov/usao/md/press_releases/press03/ChangChu%20Pr2.pdf>. [2] 60 Federal Register 14615, <http://www.access.gpo.gov/su_docs/aces/aces140.html>. On September 11, 1995, the Secretary of the Treasury, Office of Foreign Assets Control, issued Title 31, Code of Federal Regulation, Part 560, <<http://www.access.gpo.gov/nara/cfr/index.html>> in furtherance of the Iranian Embargo. [3] Title 22, United States Code, Section 2778. <<http://uscode.house.gov/usc.htm>> Referenced in *United States of America v. En-Wei Chang, David Chu a/k/a Chu Loung Hsiang*. Indictment received by fax from the U.S. Attorney's office. [4] Title 22, Code of Federal Regulations, Part 120. <<http://www.access.gpo.gov/nara/cfr/index.html>>. [5] U.S. Department of Treasury, Customs Service website, <http://www.customs.gov/xp/cgov/enforcement/investigative_priorities/ecee/>. [6] These penalties are articulated in Title 50, United States Code, Section 1705, <<http://uscode.house.gov/usc.htm>>.

Summaries from the NIS Press

Radioactive Materials Lost at a Georgian Military Base

On February 17, 2003, Mamuka Tsaava, the military prosecutor of the Kvemo-Kartli region in central Georgia announced in a public statement that three containers with the radioactive material cesium-137 were missing from the Vaziani military base, which is located 30 kilometers east of Tbilisi, the capital of Georgia. According to RIA-Novosti, Georgian Minister of Defense David Tevzadze stated that the radioactive sources originally had been found on the military base when the Georgian military forces "were preparing for international exercises and were surveying the territory of the base." [1,2] The Agence France Presse reported that these radioactive devices were discovered at the Vaziani base in 2000. [3] According to Mr. Tsaava, a total of four containers were stored at the Vaziani base, three of which are now missing. It is not clear when the containers disappeared or what the exact quantity of the missing radioactive material was. [1,2] However, according to a Rustavi-2 TV report, the three containers with cesium-137 had been missing from the Vaziani base since summer 2002, while the criminal investigation in connection with the suspected theft was initiated by the Military Prosecutor's Office only on February 3, 2003. [5] In addition to this, according to information provided by Georgian Ministry of Environment official Giorgi Nabakhtiani, two of the lost containers weighed 90 kg and 45 kg respectively and held three cesium-137 sources with the level of radioactivity of 4, 0.3 and 0.1 curie. It must also be noted that the containers at the Vaziani base were stored in the concrete underground vault. [4]

The head of the Radiation Security Department of the Georgian Ministry of Environment, Soso Kakushadze, stated that his office was notified about the suspected theft of the cesium-137 containers on February 17, 2003. Mr. Kakushadze dispatched a group of experts to gather evidence at the site, but they were denied access to the Vaziani base. Mr. Kakushadze stated that the containers held calibrated radiation measuring devices powered by cesium. [1]

On February 19, 2003, Rustavi-2 TV quoted several classified documents, one of which indicated that in October 2002 the Ministry of Defense asked the Ministry of Environment to transfer the containers with cesium-137 from the Vaziani base and to assume the responsibility for their safe storage. The transfer

apparently did not take place. According to another classified document cited by Rustavi-2, high-ranking Georgian military officials reported that radioactive sources had been found on the territory of an army detachment in Dedoplistskaro (eastern Georgia), the Akhalsikhe tank battalion (southern Georgia) and the Khashuri fuel storage facility (central Georgia).[2]

The disappearance of cesium-137 containers from the Vaziani base raises grave security concerns because cesium-137 is one of the substances that can be used in the creation of a radiological dispersal device (RDD). An RDD, according to the U.S. Department of Defense, is “any device, including any weapon or equipment, other than a nuclear explosive device, specifically designed to employ radioactive material by disseminating it to cause destruction, damage, or injury by means of the radiation produced by the decay of such material.” One type of RDD is popularly known as a “dirty bomb,” which would use conventional explosives to spread radioactivity. The amounts of radioactivity in the missing cesium-137 containers, as reported by Mr. Nabakhtiani, are at the threshold of security concern. Spreading these radioactive materials in an urban environment might cause significant land contamination resulting in high cleanup costs and economic disruption, but would likely not lead to any deaths in the near term due to exposure to ionizing radiation. Although no verifiable information exists on the origins of the missing radioactive materials, according to Rustavi-2 the containers were left behind by the Russian military after it handed over the Vaziani base to the Georgian armed forces on July 1, 2001 in accordance with Russia’s pledge to withdraw its forces from Georgia given at the November 1999 OSCE summit in Istanbul.[6]

Sources: [1] Misha Dzhindzhikhashvili, “Radioactive materials go missing from Georgian base,” Associated Press, February 17, 2003, *Anchorage Daily News* <<http://www.adn.com/24hour/world/v-printer/story/768825p-5534609c.html>>. [2] “S voennoi bazi v Gruzii propali tri konteynera s ‘tseziem-137,’” Newsru.com (in Russian), February 17, 2003, <http://www.newsru.com/world/17feb2003/cesium_print.html>; “V Gruzii pokhishcheni radioaktivnie konteyneri,” Vesti.ru, February 17, 2003; Integrum Techno, <<http://afnet.integrum.ru>>; Eka Mekhuzla, “S odnoy iz voyennykh baz Gruzii propali tri konteynera s radioaktivnimi veshchestvami,” ITAR-TASS, February 17, 2003; Integrum Techno, <<http://afnet.integrum.ru>>. [3] “Nuclear containers lost off Georgia’s military base,” Agence France Presse, February 18, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [4] CNS communication with Mr. Giorgi Nabakhtiani, Head of Inventory and Control Division of Nuclear and Radiation Safety Service at the Ministry of Environment of the Republic of Georgia, March 11-12, 2003. [5] Rustavi-2 TV, February 19, 2003; in “Program summary: Georgian Rustavi-2 TV ‘Kurier’ News,” FBIS Document ID CEP20030219000497. [6] Rustavi-2 TV, February 17, 2003; in “Program summary: Georgian Rustavi-2 TV ‘Kurier’ News,” FBIS Document ID CEP20030217000323.

Reported Intrusion at Vector Denied

An article published in the London tabloid *Sunday Mirror* on December 7, 2002, reported that a Russian scientist hired by the newspaper had penetrated the highly secure former Soviet biological weapons facility Vector by posing as an employee and using false documents. The scientist allegedly “was able to enter the laboratories and take photographs without arousing suspicion.”[1]

Vector is located in Koltsovo, approximately 25 kilometers southeast of Novosibirsk. The Vector complex, which includes more than 50 buildings, is divided into two distinct zones. The first zone, which includes the facility’s pathogen collection and the smallpox repository, is a research area consisting of laboratories and associated infrastructure involved in basic and applied research on a variety of microorganisms. The second zone is the production area, where Vector’s less sensitive industrial, support, and commercial functions are performed. The research area is separated from the production area by rigorous security measures, including a triple fence, sensors, and a cadre of armed guards from the Ministry of Internal Affairs (MVD). Security upgrades at the facility have been sponsored by the U.S. Cooperative Threat Reduction program and implemented with the involvement of specialists from the Russian nuclear center at Snezhinsk.[2]

When asked to comment on the reported intrusion, Vector’s management denied that any unauthorized access had occurred in the research area. The facility’s deputy director underscored that the research area is pass-protected and that all passes are checked by MVD troops at the research compound check-point and inside the most important research buildings. Vector’s management also performed a review of the facility’s visitor logs for 2002 and did not identify any suspect visits.[3] Vector officials consider it more probable that the visit took place in the production area, which includes buildings and laboratories involved in commercial activities, some of which have no prior association with Vector and do not involve work

with highly dangerous pathogens.[3] Because commercial activities take place in the production area, it is open to outsiders.[2]

Vector's management also pointed out that the *Sunday Mirror* article did not specify which laboratories at the site had supposedly been penetrated. In addition, no pictures were published along with the article that could help identify the buildings that were allegedly visited. Vector management also emphasized that the article contained a number of inaccuracies. For instance, contrary to what was stated in the article, no United Nations inspections took place at the facility, and Vector's director, Lev Sandakchiev, did not give an interview to the newspaper.[3]

Sources: [1] "Security Shambles as We Go Inside Smallpox Factory," *Sunday Mirror*, December 7, 2002, http://www.sundaymirror.co.uk/homepage/news/page.cfm?objectId=12436580&method=sm_full&siteid=81959. [2] CNS visit at Vector, April 2002. [3] CNS correspondence with Dr. Netesov, Deputy Director of Vector, February-March 2003.

International Developments

United States and India Sign Statement on High-Technology Trade and Discuss Nuclear Safety Issues

On February 5, 2003, U.S. Under Secretary of Commerce Kenneth I. Juster and Indian Foreign Secretary Kanwal Sibal signed the Statement of Principles for U.S.-India High Technology Commerce, an agreement intended to boost trade in high-technology items, including dual-use goods and technologies between both countries.[1] In addition to providing India access to high-speed computers that have both military and civilian applications, the agreement envisages addressing various trade issues, including tariff and non-tariff barriers, the U.S. licensing regime, and restrictions on transfers to third parties.[2] The agreement is an important step in fulfilling the November 2001 commitment made by President Bush and Prime Minister Vajpayee to transform U.S.-India relations. The Statement recognizes both governments' commitment to prevent the proliferation of sensitive goods and technologies and will serve as a framework to promote trade that is "consistent with national security and foreign policy interests." [1] To implement the principles outlined in the Statement, the United States and India set up the India-United States High Technology Cooperation Group, the first such working group that the United States has with any country.[3] The two governments plan to hold the first meeting of the Group in the near future to begin working out technology transfer issues.[1]

Indian Ministry of Foreign Affairs Spokesman Navtej Sarma hailed the agreement as a "milestone" in Indian-U.S. relations, and Indian officials said the agreement represented a significant step in expanding the strategic content of the Indian-U.S. relationship.[4,5] Despite the agreement, U.S. sanctions remain against 13 Indian firms, suspected of engaging in production and development of weapons of mass destruction.[4,6] At present, only 1% of the total U.S.- India trade is subject to licensing.[2]

The signing of the statement was followed by a visit to India by a delegation from the U.S. Nuclear Regulatory Commission in late February. The delegation met with Indian officials to identify five areas of cooperation: risk-informed regulation [a quantitative approach to safety-related regulatory decision-making], license renewal, fire safety, emergency operation procedures, and reactor design issues. The visit was the Commission's first since New Delhi conducted nuclear tests in 1998.[7,8]

Editor's note: India is not party to the Nuclear Non-Proliferation Treaty and has significant portions of its nuclear program outside of IAEA safeguards. Supplier states must carefully consider the level of nuclear interaction with India to ensure that the Guidelines of the Nuclear Suppliers Group are not violated.

Sources: [1] "U.S., India Sign Agreement Boosting Bilateral High Technology Trade," U.S. Embassy Website, February 5, 2003, <<http://newdelhi.usembassy.gov/wwwwhpr0206b.html>>. [2] "India, US sign pact to boost high-tech trade (Agreement to increase bilateral trade in high-technology applications including dual-use goods)," India Business Insight news agency, February 7, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [3] "US to ease bar on export of high-tech dual use goods to India," PTI news agency, February 7, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [4] "US eases rules on export of dual-use technology to India," Agence France Presse, February 6, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [5] "US, India to boost hi-tech trade," PTI news agency, February 6, 2003, BBC Worldwide Monitoring, February 6, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [6] "US eases rules on export of dual-use tech to India (US banned hi-tech products exports to India since the country became a nuclear power in 1998)," India

Business Insight news agency, February 7, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [7] “Indian and US nuclear regulators resume contact,” Agence France Presse, February 27, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [8] “After Russia, India Signs Nuke Safety Pact with US,” *Indian Express*, February 27, 2003; Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>.

The United Kingdom Moves to Introduce New Export Control Regulations

On January 30, 2003, United Kingdom (UK) Department of Trade and Industry (DTI) Minister Nigel Griffiths announced a three-month comment period on draft implementing regulations to be introduced under the July 2002 Export Control Act. The new draft regulations provide new controls on the following issues:

- the transfer of technology by intangible means and provision of technical assistance; and
- trade in controlled goods.

The first draft regulation, known as the “Export of Goods, Transfer of Technology and Provision of Technical Assistance Order,” consolidates existing controls on the physical export of military goods and the physical export and electronic transfer of dual-use goods and technology. It also provides for new controls on the electronic transfer of military technology and the transfer, by any means, of WMD-related or missile technology and the provision of WMD-related technical assistance. Electronic transfer includes transfer by fax, email, or telephone. Transfer by any means includes face-to-face communication, personal demonstration, or dissemination of written material. The new control applies to anyone in the United Kingdom or to any UK person abroad who communicates technology or provides assistance knowing or having been informed by the government that the technology or assistance may be intended for use with WMD or missiles capable of delivering WMD.

The second draft regulation, known as the “Trade in Controlled Goods (Control) Order” and the accompanying “Trade in Controlled Goods to Embargoed Destinations Order” control trade in long range missiles and other military equipment, and trade to embargoed destinations. Controls on long range missiles and trade to embargoed destinations will apply to activities in the United Kingdom and to activities of UK persons anywhere in the world.

According to a statement on the DTI website, the draft Orders are within the framework of the UK Export Control Act and are necessary to strengthen and modernize the UK’s strategic export control regime and to ensure that the United Kingdom meets its international obligations.[1]

Source: [1] “Consultation Document on Draft Orders to be made under the Export Control Act 2002,” UK Department of Trade and Industry website, <<http://www.dti.gov.uk/export.control/legislation/exportcontrolconsult.htm>>.

Export Control in Focus

Emerging Export Control Priority: Catch-All Controls

Through provisions known as “catch-all” regulations, national export control systems have come to focus increasingly on the end-use and end-user of goods and technologies, rather than on specific technologies. Catch-all regulations allow governments to regulate transfers of goods and technologies not included in national control lists, when it is known or suspected that such goods or technologies will be used in weapons of mass destruction (WMD) programs. This type of regulation is also known as “end-use” regulation, because it requires that companies ensure that their exports of dual-use products are employed for legitimate peaceful uses.[1] It also requires that exporters “know their customer” and remain on guard for certain red flags. Some examples of red flags would be a customer refusing to supply information on the end-use, a customer with little or no business background, or a customer refusing routine installation or training with respect to the exported item.

Disclosures following the 1991 Gulf War about the operations of Iraqi front companies furthered the spread of catch-all regulations. Heightened concerns over terrorist acquisition of WMD components and technologies highlight the preventative role offered by this approach. In essence, these provisions call on

industry and government to be vigilant in order to prevent end-users of concern from accessing sensitive goods and technologies. The U.S. government provides some guidance to U.S. exporters by publishing an “entities list” comprised of end-users that present an “unacceptable risk of diversion to developing weapons of mass destruction or the missiles used to deliver those weapons.”[2] Japan’s Ministry of Economy, Trade, and Industry also provides exporters with an “end-user” list in order to facilitate compliance with its catch-all regulation.[3]

Despite the growing importance of catch-all controls, many countries have been slow to adopt catch-all provisions. Even in countries that have adopted catch-all regulations, moreover, there are considerable disparities in how these controls are implemented. One problem stems from the relative lack of information that governments provide to their export and transportation industries on end-users or entities of concern. Without greater guidance from government, exporters in many countries will find it difficult to steer clear of potentially problematic transfers.

In the past, proponents of catch-all controls have been of two different schools of thought. One school, which seeks to maximize export controls, has seen catch-all provisions as a means for expanding export controls beyond the lists of equipment and materials identified by technical experts as being of significance. The second school has sought greater use of catch-all controls with the objective of reducing the number of items on the control lists.

However, persons most experienced in export controls have always viewed catch-all provisions as a supplement to the traditional system of controls (in which materials and equipment are explicitly identified), not as an alternative. Thus catch-all provisions are best seen as a safety net that (1) provides protection against omissions in the identification of items by the technical experts; (2) allows the regulation of new technologies before the regulatory system has time to act to include them formally on control lists; and (3) permits controls over exports that, while not on control lists are unacceptable to the exporting government, such as the export of construction materials that are known to be destined for a sensitive facility.

Sources: [1] At its annual meeting in Paris on June 6, 2002, the Australia Group adopted formal guidelines on licensing exports of sensitive items. Two of the most important provisions in the new set of guidelines are the no-undercut and catch-all provisions. This is the first time that an export control regime has agreed to include a catch-all clause in its public guidelines. See the January issue of the *NIS Export Control Observer*, CNS website, <<http://cns.miiis.edu/nis-excon>>.[2] See “The Entity List” of the Department of Commerce, Bureau of Industry and Security, <<http://www.bis.doc.gov/Entities/Default.htm>>. [3] For more on the Japan Ministry of Economy, Trade, and Industry role in export control, see <<http://www.meti.go.jp/english/>>.

Workshops and Conferences

Transit Agreement Reviewed in Tbilisi

On February 10-14, 2003, government representatives from Central Asian and Caucasus countries met in Tbilisi, Georgia to review the draft Multilateral Agreement on Transit of Goods Subject to Export Controls and Nonproliferation of Weapons of Mass Destruction. The meeting was organized with the support of the U.S. Departments of Commerce and State and was attended by representatives of Georgia, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Azerbaijan and Turkmenistan were not represented.

During the meeting, the delegates finalized the text and title of the agreement, now officially named the “Agreement on Cooperation in Transit of Goods Subject to Export Controls and Information Exchange.” The delegates agreed to submit the modified agreement to their respective governments for review and signature.

Nikolay A. Ryaguzov, Chief Specialist
Export Control and Licensing Department of the Directorate for Military Technical Cooperation,
Ministry of Defense, Kyrgyzstan

Special Report

Interview with Sergey Yakimov

On January 30, 2003, the *NIS Export Control Observer* interviewed Sergey Yakimov, Director of the Department of Export Control at the Russian Ministry of Economic Development and Trade, during his visit to Washington, D.C. Leonard Spector, Deputy Director of the Center for Nonproliferation Studies (CNS), and Sonia Ben Ouagrham, Editor-in-Chief of the *NIS Export Control Observer*, conducted the interview with the editorial assistance of CNS Research Associate Alexander Melikishvili. During the conversation, Mr Yakimov described the Russian licensing process and addressed Russia-U.S. relations in the area of export controls, as well as Russian exports to India and Iran.

Main Functions of the Department of Export Control

OBSERVER: Could you describe the functions of your Department?

YAKIMOV: The Department of Export Control at the Ministry of Economic Development and Trade performs three main functions. First of all, the Department issues licenses for dual-use equipment (BW, CW, and missile technology) and nuclear materials and related technologies, whereas the licensing of weapons exports is the prerogative of another state agency, the Committee on Military-Technical Policy. The second main function of our Department is to support the work of the Commission on Export Control, which is an interagency body in charge of overseeing Russia's export control policy. The Commission consists of representatives of more than twenty government agencies. By Presidential edict, the head of the Commission must be one of Russia's deputy prime-ministers. At present the head of the Commission is Aleksey Kudrin, Russia's finance minister and deputy prime-minister. The deputy chairman of the Commission is the first deputy-minister of Economic Development and Trade. I perform the role of the Commission executive secretary, and my Department is responsible for providing organizational-technical support for the meetings of the Commission. This activity entails preparing and issuing reference and information materials, which are used in discussions at the Commission meetings. Our third main function is to assist in formulating Russia's position on issues discussed at the meetings of international export control regimes. Experts of our Department attend working-group meetings dealing with technical issues, as well as political working groups to assist the Ministry of Foreign Affairs, which coordinates Russia's representation at these meetings.

Licensing process

OBSERVER: Could you highlight the main characteristics of Russia's licensing process?

YAKIMOV: In 2001 we adopted the so-called "one window" principle, which allows exporters to send all the documents required for their application request to our Department. [Editor's note: In the past, exporters were required to send the application file to each of the several agencies involved in the licensing process.] These documents include contract or contract proposal and license application form, in which basic information regarding the business deal is presented. Exporters located outside Moscow can send their license applications to the representative offices of the Ministry of Economic Development and Trade in the regions. There are eighteen representative offices of the Ministry of Economic Development and Trade that are located in major industrial centers of Russia, including Yaroslavl, Nizhnyy Novgorod, Samara, Krasnoyarsk, Khabarovsk, Novosibirsk, Petrozavodsk, St. Petersburg, Rostov-on-Don, Ekaterinburg, Moscow, Voronezh, Vladivostok, Ufa, Kazan, Kaliningrad, Petropavlovsk-Kamchatsky, and Yuzhno-Sakhalinsk. However, the examination of license applications is performed in the Department's Moscow office with participation of other relevant federal agencies.

By law, the entire licensing process, including the settlement of interagency disagreements, should be completed within 45 days. The preliminary examination of license applications must be performed by the Department of Export Control within ten days from the date of the official submission of the request. Experts of the Department give a preliminary assessment of the application, make a recommendation on whether or not to grant the license, and identify the other agencies that should be involved in the

examination of the license application. The next 20 days are devoted to interagency deliberations. During the interagency process, the government agencies involved assess a license application from the point of view of the functions that they perform. For instance, experts from the Ministry of Foreign Affairs evaluate the proposed deal from the foreign policy angle; experts from the Ministry of Defense examine applications from the military-strategic points of view; the intelligence community evaluates the reliability of exporters and buyers; and technical experts from the relevant industry agencies check whether the declared use of the proposed export corresponds with the characteristics of the products intended for export. Thus the interagency process yields a collectively agreed-upon decision. If any given agency disagrees with the decision, it must submit its objections in writing to the Export Control Department.

There are disagreements in about 10% of the license applications considered. As a rule, we try to resolve disagreements by convening working group meetings at a higher level than the ones held in the initial expert format. If a decision still cannot be reached at this level, the Export Control Commission makes the final judgment. Decisions by the Commission are binding on all government agencies whose representatives comprise the Commission. This is how, for instance, the decision to deny the transfer of laser equipment to Iran was made, as well as the decision not to transfer anthrax strains to the United States. It must be noted that the settlement of interagency disagreements must be completed within 15 days. Export licenses are signed by the head of the Department of Export Control [Sergey Yakimov] or his deputies.

OBSERVER: What agencies are involved in the licensing process of BW dual-use material or equipment?

YAKIMOV: The participating agencies are the Ministries of Health, Defense, and Industry, Science, and Technologies as well as representatives of the intelligence community and the Russian Munitions Agency (“Rosboyepripasi”) headed by Mr. Zinoviy Pak. Prior to the creation of the Munitions Agency, the Committee on Conventional Problems of Chemical and Biological Weapons (CCPCBW) participated in the licensing process. However, this structure was dissolved in 1999 and its functions were later assigned to Mr. Pak’s agency.

OBSERVER: In the February issue of the *NIS Export Control Observer*, we published a brief article on plans to introduce a fully automated licensing system in Russia. Could you clarify the implementation stages of this project?

YAKIMOV: For the foreseeable future, we do not expect that our export licensing system will become automated. On the one hand, there are technical and legal obstacles that we need to overcome. For instance, the concept of an “electronic digital signature” has not yet been defined in Russian legislation. Therefore, at present, we do not have the means to identify in an electronic format any given exporter. In addition, the conduct of interagency discussion and examination of export license applications in an electronic format necessitates the creation of secure electronic communication channels between the relevant government agencies. This is a technical challenge that will be a costly effort as well. At present, the Ministry of Economic Development and Trade does not have the resources to fund such a project.

Product Identification Procedure

OBSERVER: Recently, several Expert Centers have been created to assist industry and customs representatives in product identification. Could you specify what criteria are used to select the organizations allowed to operate such Expert Centers?

YAKIMOV: Upon submitting a request to establish an Expert Center, an organization must declare what categories of goods and equipment it will specialize in. In this regard, there is a wide choice of options – an organization can either declare that it is capable of identifying goods that belong to all control lists (nuclear, biological, chemical, and missile technology), or it can declare that it will concentrate on categories of goods included in a particular control list. Based on this declaration, together with other government agencies, we evaluate the ability of the applicant organization by examining the level of expertise in the considered field of activity and the presence of qualified experts and appropriate equipment. If the organization is qualified the Commission on Export Control will deliver a certificate allowing it to conduct

product identification for the relevant categories of goods. This information is passed along to the State Customs Committee, which in turn also notifies customs officers.

OBSERVER: At present, how many Expert Centers can conduct product identification for all categories of goods (CBW, nuclear, and missile technology)?

YAKIMOV: As of today, a total of 10 organizations in Russia have received authorization to establish Expert Centers. Only two organizations are capable of identifying products included in all export control lists. Six Centers cover two or three lists, and two organizations work only on a limited number of products. I would like to underscore the fact that these Expert Centers not only assist in product identification, but they also help evaluate business deals from the point of view of the “catch-all” principle, and therefore determine to what extent the proposed export transaction might assist military programs in the recipient country. To facilitate this function, we provide Expert Centers with information on end users, and more particularly, on those that we think are related in some manner to military programs. For obvious reasons, such information cannot be made public.

We also made it a requirement for Expert Centers to report to the Department of Export Control each product identification they perform. Thus, Expert Centers provide us with information regarding the type and description of the product that was subject to identification, the name of the recipient country, the identity of the supplier and buyer, and an account of the experts’ conclusions. This information must be provided regardless of whether the product under consideration is subject to license. This allows us [the Department of Export Control] to effectively monitor the activities of the Expert Centers.

OBSERVER: Can exporters and customs officers directly contact Expert Centers, and how do they know which Expert Centers to turn to?

YAKIMOV: Exporters can choose to conduct the product identification procedure independently, submit the product identification request to our Department or contract with an Expert Center. Expert Center services are subject to a fee, which varies depending on many factors, including the volume of work required by the identification operation. Both the Export Control Department and customs administration can provide a list of Expert Centers to exporters upon request. Customs officers at border check-points can also contact Expert Centers by phone to confirm or ascertain the identification of a product crossing the border.

OBSERVER: How long is the product identification procedure on average?

YAKIMOV: As a rule, Expert Centers complete an ordinary product identification procedure within a week and sometimes even in two or three days. In contrast, the Export Control Department in general requires two weeks minimum for a similar identification. It is important to note that the Department of Export Control performs product identifications for free. However, the duration and cost of the product identification procedure are determined based on the complexity of the product and the type of tests required to perform a proper identification. Ordinary requests for product identification procedure are processed by the Department of Export Control in the order they are received. Nonetheless, the Department can process any given request in an expedited manner, if it is necessary. However, this happens very rarely and only with my or my deputies’ authorization.

OBSERVER: Where are existing Expert Centers located?

YAKIMOV: At present Expert Centers are distributed very unevenly geographically. One is located in St Petersburg, several in the Moscow region, and one in the Ural region. None has been established in Siberia and the Far East. This is due to a combination of factors: on the one hand, the creation of Expert Centers is a voluntary process initiated by interested organizations; on the other hand, we impose strict selection criteria, which limit the number of candidate organizations. The establishment of Expert Centers is also a new process, initiated in the spring of 2002. However, in the future we plan to expand the network of Expert Centers in order to cover all the regions of the Russian Federation.

OBSERVER: How much of the total product identification work goes through Expert Centers?

YAKIMOV: According to our statistical data, approximately 3% of the export deals that go through these Expert Centers require export licenses. Approximately 40% of exporters contact the Expert Centers out of their own initiative. The other 60% contact the Expert Centers because they are told to do so by customs officials.

U.S. /Russia Relations in the area of Export Controls

OBSERVER: You mentioned earlier that the decision to deny exports of anthrax bacterial strains to the United States was made at the level of the Commission on Export Control. Could you clarify on what grounds the transfer of anthrax strains to the United States was denied?

YAKIMOV: Exports must be consistent with the interests of the Russian Federation. A certain role in resolving this question was played by the U.S. press in summer 2001, including the *New York Times*, which reported that the American military was conducting research in the biological sphere that, if conducted in a different country, would probably have been considered by the United States as a violation of basic prohibitions of the Biological Weapons Convention (BWC). Considering that anthrax strains can be altered in such a manner so as to render existing biodefense measures ineffective, there are concerns that the modified strains could be used against Russia. We do not believe that this might happen because of an armed conflict between our countries, but rather as a result of the theft of these strains and their subsequent resurfacing in the hands of, say, Chechen terrorists. Because at present the export of biological pathogens cannot be controlled with methods similar to those used for radioactive materials, such concerns are legitimate. Furthermore, regarding the anthrax strains case, the United States expected that the transfer of strains would be unilateral with no reciprocal conditions or obligations.

OBSERVER: Is there a way of sharing the anthrax strains under conditions where Russia would be confident that the material would not be misused? For instance, could American scientists work together with Russian scientists on the anthrax strains in Russia?

YAKIMOV: Unfortunately, there is still a considerable amount of distrust between Russia and the United States that prevents closer cooperation. Our leaders might reach a good level of understanding because they have established a personal relationship. But certain groups of people at the Russian Ministry of Defense and the U.S. Department of Defense still consider each other potential enemies. For instance, the U.S. imposes constraints on sales of supercomputers to Russia. The unwillingness of the United States to sign an agreement with Russia on cooperation in the field of the peaceful use of nuclear energy is another example of such distrust. On the Russian side, we also constrain exchanges with the United States. For instance, about a year ago the export of radioisotope thermoelectric generators (RTGs) to the United States was denied.

OBSERVER: What is the purpose of those devices?

YAKIMOV: These are radioactive sources used as sources of energy in spacecraft. The export was denied because the U.S. organization interested in acquiring this technology is actually closely cooperating with the U.S. Department of Defense. There were concerns that this technology might not be used for peaceful purposes, but in the U.S. missile defense program instead.

I think many things will change when we both are sure that we are strategic partners. This is a very lengthy process affected by many factors. For instance, the United States accuses China no less than Russia of proliferation activities, yet the high technology trade volume between the United States and China far exceeds the trade volume between the United States and Russia. This difference leads to the conclusion that perhaps the United States wants to get more from Russia than they are ready to give.

Russia-Iran Cooperation

OBSERVER: A recently published CIA report indicates that there are secret uranium enrichment facilities in Iran. If this is confirmed, how do you think it will affect Russian-Iranian cooperation?

YAKIMOV: I would like to abstain from speculating on this subject. First of all, the IAEA is supposed to determine whether Iran violated its IAEA obligations or its obligations within the Nuclear Non-Proliferation Treaty (NPT) framework. Only after this determination has been made will it be possible to arrive at specific conclusions. I would like to note that our cooperation with Iran is strictly limited to the peaceful use of nuclear energy.

By itself, Iran's willingness to acquire fissile material is still not sufficient evidence that the country has developed a nuclear weapons program. If this activity is closely monitored by the IAEA, then it is a legitimate activity. Many countries that are members of the NPT possess enrichment technology, including Japan and several states in Western Europe. The United States does not appear to have concerns that the possession of this technology might eventually lead those countries to develop nuclear weapons. Of course, if we find out that Iran is pursuing activities that violate its IAEA obligations, then I would not rule out that there will be major revisions in our export control policy regarding Iran, especially in the nuclear field. But as of today, this is just speculation. Quite recently IAEA Director-General Mohammed ElBaradei mentioned in a public interview that the IAEA does not have evidence of Iran's noncompliance with its IAEA obligations.

Russia-India Cooperation

OBSERVER: In the field of missile technology there are some concerns that Russia's cooperation with India on the Brahmos cruise missile and Sagarika missile might allow India to use Russian technology in order to increase the range of its missiles, thereby violating MTCR provisions.

YAKIMOV: The main principle behind our cooperation with India in the missile technology sphere is that joint projects should on the one hand be in conformity with international obligations in the field of non-proliferation and export controls and on the other hand they should not contribute to the development of delivery means of weapons of mass destruction. Therefore, our decisions regarding the transfer of any given technology is based on our own assessment of the purpose and possible use of such technology and also on official guarantees given by the Indian side.

Regarding Sagarika, since 1994, we have provided the United States with information explaining Russian-Indian cooperation. In essence, this cooperation is within the limits allowed by the MTCR and covers only certain elements of the subsurface launch of the missile that do not affect its flight range.

As far as I know, at present the Russian side has met its contract obligations. Technical assistance to India on Sagarika took place under strict state control, which excludes the possibility of the transfer of knowledge or information, which could have led to the improvement of the tactical-technical characteristics of the missile.

Similarly, Russian-Indian cooperation on Brahmos, a sea launched cruise missile, is conducted within the MTCR limits. The missile has a flight range of less than 300 kilometers, and its warhead weight is less than 200 kg. The engineering features of the missile are such that significant improvements are impossible without the relevant know-how and equipment, which Russia does not intend to transfer to India. In addition to this, the Brahmos project is implemented within the framework of military-technical cooperation, which implies that the control and monitoring of all activities at all stages of progress are performed by the relevant Russian government agencies.

It must be noted that Russia is not the only country, which cooperates in the missile technology field with states that, for a variety of reasons, are not part of the MTCR or other international export control regimes. For instance, the United States cooperates with Israel on the development of the "Arrow" missile. The Israeli authorities never declared that they possess nuclear weapons but they did not deny it either. In this respect, U.S. cooperation with Israel is quite analogous to Russia's cooperation with India. If we assume that Israel possesses nuclear weapons, the transfer of missile technology could eventually lead Israel to possess the means of their delivery. Does not this possibility concern certain political circles in the United States?

NIS Export Control Observer (<http://www.cns.miis.edu/nis-excon>) is devoted to the analysis of WMD export control issues in the NIS. It is published monthly in English and Russian for the NIS and international export control community by the Center for Nonproliferation Studies (CNS), Monterey Institute of International Studies (MIIS), with financial support from the U.S. Department of State. Although every reasonable effort has been made to check sources and verify facts, CNS cannot guarantee that accounts reported in the open literature are complete and accurate. Therefore, CNS shall not be held liable for any loss or damage caused by errors or omissions. Statements of fact and opinion expressed in *NIS Export Control Observer* are the responsibility of the authors alone and do not imply the endorsement of the editors, the Center for Nonproliferation Studies, the Monterey Institute of International Studies, or the U.S. Government. Copyright © 2003 by MIIS. May be freely reproduced and distributed with proper citation.

Editor-in-Chief

Sonia Ben Ouagrham

Senior Consultant

Leonard S. Spector

Co-Editors

Kenley Butler
Dastan Eleukenov

Associate Editors

Tanat Kozhmanov
Alexander Melikishvili
Ekaterina Shutova
Marina Voronova

Contributors

Aigerim Aitkhozhina
Michael Beck
Sagadat Bralin
Charles Ferguson
Dennis M. Gormley
Asida Ivanova
Masha Katsva
Alexia Treble
Victor Zaborskiy

Reviewers

Cristina Chuen
Dennis M. Gormley
Elina Kirichenko
Valeriy Korablev
Adam Scheinman
Carlton E. Thorne
Jonathan B. Tucker
Lars Van Dassen

Center for Nonproliferation Studies email: nis-excon@miis.edu

11 Dupont Circle, NW, Washington, DC 20036
tel: (202) 478-3446 fax: (202) 238-9603

15 Ploshchad Respubliki, Room 337, Almaty, Kazakhstan
tel: 7-3272-507-455 fax: 7-3272-634-268