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### Special Report

**Belarus-Russia: Will Customs Barriers Hinder Creation of a Unified State?**
By Vyachaslau Paznyak, International Institute of Political Studies, Minsk, Belarus

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**Recent Developments in the NIS**

**Prime Ministers of EURASEC Member States Sign Agreement on Export Control**

On October 28, 2003, a meeting of the Interstate Council of the Eurasian Economic Community (EURASEC) chaired by Kazakhstani Prime Minister Danial Akhmetov, the current deputy chairman of EURASEC, was held in Moscow.[1,2] During the meeting, the heads of governments of member countries – Acting Prime Minister Sergey Sidorskiy (Belarus), Prime Ministers Danial Akhmetov (Kazakhstan), Nikolay Tanyev (Kyrgyzstan), Mikhail Kasyanov (Russian Federation), and Akil Akilov (Tajikistan) – initialed the **Agreement On a Common Order of Export Control by EURASEC Member States.**[1,2,3]

The primary objectives of the Agreement include the following: creating conditions conducive for the effective functioning of a common economic and customs space; supporting the development of balanced, mutually beneficial trade and scientific-technical ties among EURASEC member states; strengthening the nonproliferation regime; and guaranteeing the defense of national interests and security of member states.[4]

According to the Agreement, EURASEC members will establish common export control rules covering raw materials, goods, equipment, technology, and services that can be used in the production of weapons of mass destruction (WMD) and other types of military equipment and weapons, and means of WMD delivery.[4,5] To accomplish this task, EURASEC member countries will develop a common export control list, share information about the issuance, suspension, revocation, and denial of licenses, and adopt standard licensing documents (application forms, licenses). The common list of controlled goods and technologies will be compiled by the EURASEC Integration Committee and submitted to the Interstate Council for approval.[4,5]

Because the Agreement contains provisions that will require drafting new supporting and implementing legislation and/or amending existing national legislation, it is subject to ratification by the legislative bodies of member states.[4]

During the October meeting, the Interstate Council members also reached a consensus on amendments and changes to **Priority Directions for the Development of EURASEC in 2003-2006**, the document defining the future activities of EURASEC that, among other objectives, entails the creation of a full-fledged customs union within three years.[1,2,3] However, the Belarusian delegation insisted on the inclusion of a provision allowing Belarus to introduce amendments to this document.[2,6] According to Acting Prime Minister Sidorskiy, some of Belarus’ objections stem from the fact that “the integration processes within the EURASEC framework, which are defined by this document, contradict analogous processes of the formation of the Union State of Russia and Belarus, particularly with regards to the introduction of a common currency.”[6]

*Editor’s Note: The agreement on the establishment of EURASEC based on the CIS Customs Union was signed in Astana, Kazakhstan, on October 10, 2000. At present, EURASEC member states include Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. Armenia, Moldova, and Ukraine are observers within the organization.*[7]

Uzbekistan Liberalizes Export/Import Control Procedures

On September 26, 2003, in an effort to further liberalize Uzbekistan’s export/import control procedures and in accordance with the memorandum on economic and financial policy jointly developed by the Uzbekistani government and the International Monetary Fund in 2002, President Islam Karimov of Uzbekistan signed an edict On Measures for Further Liberalization of Foreign Trade Activity in the Republic of Uzbekistan. The decree aims to ease the existing administrative controls over export/import transactions and improve the efficiency of the current foreign trade regulation system.[1,2,3] Effective from October 1, 2003, the edict abolishes the requirement to pre-register import contracts at the Agency for Foreign Economic Activity, except for contracts financed with state funds or with loans granted to or guaranteed by the Uzbekistani government, and for contracts involving state-owned companies.[1]


Customs Control Agency of Kazakhstan to Reform Border Checkpoints

On October 3, 2003, the Customs Control Agency (CCA) of Kazakhstan organized a briefing for Kazakhstani journalists in Astana, Kazakhstan, entitled “On the Joint Customs Control Organization and the Joint Work of Controlling Agencies on the German-Polish Border: Results of the Official Visit of the Kazakhstani Interagency Delegation to the Federal Republic of Germany and the Republic of Poland.” Heads of the CCA and other Kazakhstani agencies engaged in border control, as well as heads of their local units, participated in the event.[1]

The briefing concentrated on two issues. First, CCA head Berdibek Saparbayev announced that Kazakhstan would establish an integrated control system at its state borders based on the so-called “one stop shop” principle. Under the arrangement, necessary control procedures at the border will be implemented jointly by officers of all agencies involved – customs, border guards, Ministry of Transport and Communication (vehicle control), Ministry of Agriculture (veterinary-phytosanitary control), Sanitary and Epidemiological Service (sanitary-quarantine control), and Ministry of Industry and Trade (goods certification control) – at one place. The new approach seeks to expedite the clearance process and improve its quality.[1,2,3,4]

The forthcoming introduction of integrated control is based on recommendations made by the Interagency Commission, established in December 2002 by governmental Decree No. 1256 of November 26, 2002, to provide suggestions for the development of integrated checkpoints at the vehicle entry-exit points of the Republic of Kazakhstan. The government charged the CCA with coordinating and monitoring the construction of integrated checkpoints.[4,5] According to Saparbayev, recent visits to Germany and Poland helped Kazakhstan control agencies better understand the practice of integrated control.[6]

There are currently 96 customs control checkpoints, 42 border guard checkpoints, 38 vehicle control checkpoints, 61 veterinary-phytosanitary control checkpoints, and 35 sanitary-quarantine control checkpoints along Kazakhstan’s borders. Pending the construction of integrated checkpoints, the heads of Kazakhstan’s controlling agencies agreed to locate their controllers under one roof at the customs checkpoints.[2] It is planned that five integrated control checkpoints will be built in 2004, and 20 by late 2006. The estimated cost of a fully equipped “one stop shop” checkpoint is about 450-530 million tenge ($3.14-3.7 million as of October 3, 2003). The construction of the checkpoints will be covered by the state budget.[3]

The fact-finding visits to Germany and Poland also led the CCA to come forward with the initiative to open joint customs posts with Kyrgyzstan, Russia, and Uzbekistan, which was the second topic of the
In cooperation with customs officials of Kyrgyzstan and Russia, the CCA plans to establish two pilot joint customs posts – Korday-Akzhol with Kyrgyzstan and Sharbakty-Kulunda with Russia – by the end of 2003.

According to Saparbayev, the creation of joint customs posts is aimed at reducing delays at the border and increasing the transit traffic at Kazakhstan’s borders. He also noted that joint customs posts could serve as a way to reorganize customs services within the Single Economic Space called for by the Organization of Regional Integration.

Editor’s Note: Although Kazakhstan, Kyrgyzstan, and Russia are members of the Eurasian Economic Community (EURASEC), which aims eventually to establish a customs union among its members, customs posts between EURASEC member states are likely to be maintained until 2010. For more information on regional organizations, see “Inter-State Cooperation in the NIS” in the September 2003 issue of the NIS Export Control Observer.

Changes in NIS Export Control Personnel

Latest Changes in Ukrainian Export Control Personnel

On September 26, 2003, President of Ukraine Leonid Kuchma signed several decrees, introducing personnel changes in both the Council of National Security and Defense of Ukraine (CNSDU) and its subdivision, the Presidential Committee on Military and Technical Cooperation and Export Control Policy (CMTCEC).

[Editor’s Note: Founded by presidential decree on August 30, 1996, CNSDU is a government body that, according to Article 107 of the Constitution of Ukraine, coordinates and controls the activities of executive bodies in the sphere of national security and defense. The Ukrainian president serves as the chairman of the Council and determines its composition. The jurisdiction and functions of the Council are defined in the law On the Council of National Security and Defense of Ukraine. The decisions of the Council are brought into effect by presidential decree. The secretary of the Council, who is responsible for ensuring the effective functioning of the Council and implementing its decisions, is accountable to and is appointed and dismissed by the president. Moreover, the president determines the organizational structure of the Council, which is currently divided into analytical directorates, such as the Directorate of Energy Security and Nuclear Policy and the Directorate of Defense Aspects of National Security.]

The new appointments, discussed in the course of a working meeting between President Kuchma and CNSDU secretary Volodymyr Radchenko, are summarized in the table below.
New position | Former position
---|---
General Yuriy Prokofyev | CNSDU Deputy Secretary and 
CMTCEC Chairman | Main Intelligence Directorate of 
the Ministry of Defense
General Lieutenant Petro Shatkovskiy | CNSDU Deputy Secretary | Security Service of Ukraine 
(SBU) First Deputy Chairman
Sergey Chernykh | CNSDU Deputy Secretary | Security Service of Ukraine 
(SBU) Deputy Chairman

On August 1, 2003, the Ukrainian Cabinet of Ministers also appointed General Prokofyev head of the Directorate of Defense Aspects of National Security at the CNSDU.[4]

This personnel reshuffle should be seen in the context of President Kuchma’s initiative to establish a balance among the government agencies – the Ministry of Defense, CNSDU, and SBU – that exert influence on export control and military-technical cooperation with foreign countries.[5]

Prior to General Yuriy Prokofyev’s appointment as CMTCEC chairman, this position was held by present SBU chairman Lieutenant General Igor Smeshko. Both Prokofyev and Smeshko hail from the Ministry of Defense, where, from June 1997 to September 2000, Smeshko headed the Main Intelligence Directorate and Prokofyev was his subordinate.[5,6] Hence, the promotion of Prokofyev, seen by Ukrainian analysts as Smeshko’s protégé, to the CMTCEC chairmanship can be interpreted as a sign of the consolidation of the latter’s influence in that body.[5,7] According to the director of the Center for Army, Conversion and Disarmament Studies, analyst Valentin Badrak, President Kuchma, recalling Smeshko’s experience as the first Ukrainian military attaché in the United States between 1992 and 1995, summoned him to defuse the Ukrainian-U.S. tensions caused by the Kolchuga scandal.[7,8] As a result, in November 2002, Smeshko assumed the responsibilities of CMTCEC chairman, replacing Lieutenant General Leonid Rozhen, who was linked with then-SBU chairman Volodymyr Radchenko.[7] According to Badrak, given the animosity that exists between Radchenko and Smeshko, the present personnel configuration reflects the president’s desire to keep the political interests of major figures balanced.[7]


International Supplier Regimes

Most Missile Code of Conduct Nations Miss September 30 Reporting Deadline

Global Security Newswire (GSN) reported on October 3, 2003, that only about 20 of the 109 member states of the Hague Code of Conduct (HCOG) met the September 30 deadline for reporting information on their policies on missile nonproliferation.[1] The HCOG, previously known as the International Code of Conduct against Ballistic Missile Proliferation, was formally adopted on November 27, 2002, and is a multilateral agreement that addresses the production, development, testing, and transfer of ballistic missiles. The
voluntary Code does not prohibit members from possessing ballistic missiles. Instead, it commits its members to exercise “maximum possible restraint” in developing and deploying ballistic missile systems and not to support missile programs of countries thought to be developing weapons of mass destruction in violation of international disarmament and nonproliferation treaties.[2]

According to the HCOC, signatories are to make annual declarations on ballistic missile and space launch vehicle policies.[3] During the first annual HCOC review session, held in New York on October 2-3, 2003, the administrators of the agreement extended the deadline for submitting reports to January 31, 2004. Citing the U.S. State Department and other foreign officials, GSN reported on a number of factors that contributed to the failure of several countries to meet the report submission deadline. One of these factors was the lack of a model for the declarations. To address this problem, HCOC officials distributed examples of previously submitted declarations to participants of the review session. Pre-launch notifications of missile launches and test flights proved particularly difficult to prepare, according to a U.S. State Department official. However, the United States and Russia are expected to establish procedures for bilateral exchange of pre-launch information, which will make it easier to submit such information to the HCOC.[1]

Despite the poor compliance with the reporting requirements, review session participants praised the first year of the Code, pointing out that the growing membership of the HCOC – currently 109 countries – demonstrates a tendency toward universality.[1,4]


Nuclear Suppliers Group Holds Consultative Group Meeting

On October 15-17, 2003, the Nuclear Suppliers Group (NSG) held a Consultative Group Meeting in Vienna. The meeting occurred amid growing concerns over Iran’s nuclear intentions and its acquisition of enrichment technology, and ongoing concerns over North Korea’s nuclear program.

In addition to information-sharing on transfers, denials, and nuclear programs of concern, meeting participants discussed potential changes to control lists and proposals to strengthen NSG guidelines. Member states have proposed introducing a catch-all provision, common enforcement practices, and greater specificity to NSG guidelines in order to harmonize nuclear licensing practices. Proposals to share information on approvals of licenses for controlled items and to introduce the Additional Protocol as a condition of supply were also discussed. (The Additional Protocol permits intensified International Atomic Energy Agency inspections in states that are party to the nuclear Non-Proliferation Treaty and accept the protocol as an amendment to their safeguards agreements with that agency.)

The Consultative Group does not have the authority to make decisions. Instead, it prepares proposals for consideration at the annual NSG plenary. All changes to NSG guidelines and control lists are made by consensus.

International Export Control and WMD Security Assistance Programs

United States, Russia, IAEA Secure Romanian Nuclear Materials, Plan to Secure More

On September 21, 2003, under the auspices of the Tripartite Initiative, a cooperative U.S.-Russia-IAEA program that facilitates the return of Soviet-origin fresh and spent fuel from Soviet-designed research reactors abroad, 14 kg (about 30 pounds) of highly enriched uranium (HEU) were flown from the Pitesti Institute for Nuclear Research, in Romania, to the Russian city of Novosibirsk.[1] The material, originally procured for a Soviet-designed 2 megawatt research reactor at Magurele, was stored at Pitesti when the
reactor ceased operation in December 1997.[2] Eight canisters that contained fresh 80% enriched uranium were loaded onto a Russian IL-76 cargo plane at the Bucharest airport, under the supervision of U.S., IAEA, Russian, and Romanian technical experts, and flown to the Novosibirsk Chemical Concentrate Plant, where the fuel was originally fabricated.[1,2,3] The material will be down-blended into a low-enriched form that renders it unusable for nuclear weapons.[1,3,4] The $400,000 transfer was funded by the U.S. Department of Energy.[3]

This is the second time that the United States and Russia have cooperated in securing weapons-usable material stored outside the former Soviet Union. In August 2002, they removed 48 kg (about 106 pounds) of HEU from the Vinca nuclear research site near Belgrade, Yugoslavia.[1,4] The Nuclear Threat Initiative, a U.S. non-governmental organization, participated in the operation by committing $5 million to support spent fuel management and reactor decommissioning at the Vinca reactor.[5]

In a related development, on November 7, 2003, Russian Minister of Atomic Energy Aleksandr Rumyantsev and his U.S. counterpart, Spencer Abraham, signed a joint statement in which both countries committed to develop a schedule by the end of the year 2003 for the completion of the repatriation of Soviet-supplied fuel from more than 20 research reactors in 17 countries.[6,7] The first operation under this agreement is expected to be the transport of spent nuclear fuel from the Institute of Nuclear Physics in Ulugbek, a suburb of Tashkent, Uzbekistan, to the Mayak Chemical Combine in Chelyabinsk Region, Russia. The removal, which will be funded by the United States, will take place under the auspices of the IAEA.[8]

Editor’s Note: Down-blending uranium from highly enriched to low-enriched material involves taking the HEU and mixing in enough natural, depleted, or very low-enriched uranium (LEU) to end up with a uranium mixture containing a small percentage of the fissile isotope uranium-235. (Natural uranium contains about 0.7% uranium-235; depleted uranium has less than 0.7%; and LEU has an enrichment level greater than natural uranium but less than 20% uranium-235.) Uranium-235 can be used to create a nuclear explosion, but if a uranium mixture contains less than 20% uranium-235, it is not useful for producing nuclear weapons. Weapons-grade HEU is typically 90% or greater enriched uranium.


U.S. Coast Guard Dispatches Instructor to Azerbaijan, World Customs Organization Opens Customs Education Center in Baku

On September 24, 2003, the U.S. Coast Guard announced that it had dispatched an instructor to Azerbaijan as part of the Export Control and Related Border Security (EXBS) program, funded by the U.S. State Department.[1,2] The instructor, who will stay at the Maritime Brigade Base, in Baku, will provide on-the-job training for the Azerbaijani Border Guard Maritime Brigade in small boat and shipboard engineering and preventive maintenance. The instructor will also assist in developing engineering shop and training programs related to maritime engineering.[3] This training program is scheduled to last for 90 days; however, if the Azerbaijani trainees show quick progress in acquiring the necessary skills, the program could be completed within 60 days.[2]
In a related development, on September 22, 2003, U.S. Ambassador to Azerbaijan Reno L. Harnish told the Trend news agency in Baku that in fiscal year 2003, the U.S. government allocated $12.5 million for reinforcing Azerbaijani state borders. These funds were divided between Azerbaijani law enforcement agencies and the coast guard.[4]

On September 30, 2003, a Regional Education Center of the World Customs Organization (WCO) opened in Mashtaga, a settlement outside Baku.[5,6,7,8] The inauguration of the center, co-funded by the WCO and the Azerbaijani State Customs Committee (SCC), was attended by WCO Secretary General Michel Danet, UNDP Resident Coordinator in Azerbaijan Marco Borsotti, SCC Chairman Kamaletdin Geydarov, and Chairman of the State Border Service Elchin Gulyiev.[5,8] According to Danet, the Azerbaijani center is the third center that has been established under the auspices of the WCO, after centers in Budapest and Moscow.[5] At the center the Azerbaijani customs personnel and customs officers from other countries will receive training and attend lectures by Azerbaijani and international customs experts. The center offers practical training and has computer classrooms, language laboratories, an auditorium with simultaneous interpretation, and an electronic library.[5,8] In addition, the SCC opened a dog-training center at the WCO Regional Education Center. The dog-training center is designed to train dogs in detecting drugs, explosives, weapons, and ammunition, in protecting important strategic objects such as oil pipelines against terrorist attacks, and in rescuing victims of natural disasters. In the NIS, only Kazakhstan and Uzbekistan have similar dog-training centers.[5]


Moscow Center on Export Control Initiates New Program to Train Russian Customs Officials

The Moscow-based Center on Export Control (CEC) launched a new program this year aimed at training regional customs officials in identifying products that have potential WMD and military applications. More specifically, the program is designed to train customs officials from regions throughout Russia to identify commodities that are subject to export controls and to reduce the likelihood that officials might mistakenly allow controlled items to be exported without a license. The training program is supported by the U.S. Department of Commerce, with funds provided through the Department of State’s Export Control and Related Border Security (EXBS) program.

Since 1994, CEC has been involved in educating Russian exporters about export control requirements. CEC’s extensive experience prompted several regional customs officers to suggest the establishment of an analogous training program for customs officials. In response, CEC launched this new program, which includes an overview of the role of licensing agencies and hands-on activities designed to transfer skills and knowledge needed to identify particular commodities that require an export license. Customs officers also learn about the appropriate referral process for questionable exports. In particular, the training constitutes a forum for regional customs officers and officials in the State Customs Committee, allowing them to discuss export control issues directly with licensing officials at the Department of Export Control at the Ministry of Economic Development and Trade. Regional customs agencies are also being provided with CEC-developed software that will enable them to more readily detect suspicious transfers of controlled items. To date, CEC has held five training sessions in 2003 for customs officials in Moscow, Novosibirsk, Vladivostok, and Yekaterinburg.
Radiation Monitoring Equipment Installed in Arkhangelsk Seaport with U.S. Assistance

In September 2003, accredited Russian subcontractors from St. Petersburg and Yekaterinburg installed Yantar automated radiation detection systems at three Arkhangelsk Commercial Seaport customs posts – the Bakaritsa and Ekonomiya cargo terminals and Maimaksa cargo section.[1,2] The acquisition and subsequent installation of this equipment cost $1 million, and was funded by the U.S. Department of Energy under the auspices of the Second Line of Defense (SLD) program.[1,2,3]

The Yantar automated radiation detection system, which is manufactured in the town of Dubna – Russia’s nuclear science center, famous for its Joint Institute for Nuclear Research – allows customs officials to monitor the radiation level of cargo, goods, and people from a desktop computer.[1] When sensors record radiation exceeding a specified level, an alarm is activated. Similar automated radiation detection systems are now installed at other major Russian ports, including St. Petersburg, Novorossiysk, and Nakhodka.[4] According to the Arkhangelsk Seaport press service, the port’s remaining five customs posts will be equipped with radiation detection systems in the near future.[5] In addition, there are plans to install radiation detection devices at all Arkhangelsk timber yards.[4]

The installation of the radiation detection systems in Arkhangelsk is the result of a joint project between the U.S. Department of Energy and the Russian State Customs Committee initiated in May 2002 when Russian and U.S. experts visited all eight customs posts of Arkhangelsk Seaport.[1] In the course of their inspections, the Russian and U.S. experts identified the aforementioned three customs posts as suitable for the first phase of installation of radiation detection monitors.[1,6] On September 26-30, 2003, after the installation of the equipment was completed, U.S. specialists from Los Alamos and Sandia National Laboratories tested the radiation detection systems.[1,2] Ownership rights for the radiation detection systems have been transferred to the State Customs Committee.[1,6]

In a related development, on October 14, 2003, the Russian Government issued Order No. 1491-P, allowing Arkhangelsk Seaport “to accept/dispatch vessels and other craft transporting nuclear materials, radioactive substances as well as ware containing them packed into units specified for transportation of such cargo.”[7]

OSCE and UN Train Uzbek Customs Officers and Border Guards

In October 2003, the United Nations (UN) and the Organization for Security and Cooperation in Europe (OSCE) sponsored two training seminars for customs officials and border guards in Uzbekistan.

In early October 2003, a two-month training program organized jointly by the State Customs Committee and State Border Protection Committee of Uzbekistan under the auspices of the OSCE office in Uzbekistan began at Hayraton-Termez customs checkpoint on the Uzbek-Afghan border (Surkhandarya Oblast). The program aims to train Uzbek customs officers and border guards in combating the trans-border smuggling of light firearms. According to representatives of the OSCE office in Uzbekistan, Afghan customs officers and 12 border guards participated. The seminar covered such issues as OSCE activities in combating light firearms smuggling; strengthening the potential of border checkpoints; body language, interrogation techniques and related paperwork; identification of fake travel and consignment documents,
and operation of document control equipment; truck and container inspections; detection of concealed weapons; and interagency cooperation between border guards, customs, and the police.

A second training seminar, also held at the Hayraton-Termez checkpoint, started on October 4, 2003. The training, organized jointly by the Uzbekistani government and the UN Permanent Representative in Uzbekistan, aims to increase Uzbekistani customs and border guard officers’ awareness of international customs and border control norms and procedures. Representatives from UN agencies such as UNDP, UN Office on Drugs and Crime, UN High Commissioner for Refugees, UNESCO, UNICEF, UN World Food Program, and UN Office for the Coordination of Humanitarian Affairs, as well as OSCE, TRACECA, U.S., and U.K. experts are involved in the training. The training will cover the following topics: humanitarian assistance, cross-border population movement management, rights of children and ethnic minorities, and illegal shipments of drugs, weapons, and cultural artifacts.[3]

Editor’s Note: The Transport Corridor Europe-Caucasus-Asia (TRACECA) is a European Union initiative to develop a transport corridor from Europe to Central Asia through the Caucasus, across the Black Sea and the Caspian Sea.


Illicit Trafficking in the NIS

Plutonium Con Artists Sentenced in Russian Closed City of Sarov

On October 14, 2003, the municipal court of the Russian closed city of Sarov (formerly Arzamas-16), Nizhniy Novgorod Oblast, convicted two local residents who engaged in fraud to sell weapons-grade plutonium allegedly stolen from the closed city’s storage facility.[1,2,3,4] The Sarov municipal court sentenced Sergey Denisenko, a 36-year-old local police investigator, to seven years in prison for fraud, abuse of office, and forgery. It also sentenced Denisenko’s accomplice, Valeriy Blinov, a 51-year-old construction engineer, to six years in prison for fraud and illegal possession of weapons.

According to Russian media, Denisenko and Blinov conspired to pose as employees of an unidentified Sarov nuclear facility with access to radioactive materials.[4,5,6,7,8,9] They met 54-year-old Nizhniy Novgorod businessman Boris Markin who was interested in purchasing weapons-grade plutonium to resell to potential clients abroad.[1,3,4] To convince Markin that they indeed had access to nuclear material, Blinov introduced himself as a nuclear fuel specialist, while Denisenko presented himself in his former Russian Armed Forces major’s military uniform. Denisenko also showed Markin his former military officer ID card that he had kept after retiring from the army, on which he had inserted the fictitious name and job description of Vladimir Kulashov, head of “the special transportation department.” Denisenko and Blinov also showed Markin a fake container allegedly designed for shipping plutonium and supposedly containing weapons-grade plutonium.[1,3,5,6,7,8,9,10]

The three men agreed that Markin would pay a total of $750,000 for a container with several kilograms of plutonium, with a down payment of $50,000 that would be used to bribe facility security and organize the transportation of the plutonium out of Sarov. Press reports differ on both when the initial contact between Markin and the con artists took place and when he gave them the money. One source refers to early 2003 as the time of their initial meeting,[7] while another source reports that Markin gave the men money on several occasions starting from the summer of 2002.[11] However, according to the Nizniy Novgorod newspaper Prospekt, Denisenko and Blinov met Markin as early as 1998, and there were three meetings on March 20, July 15, and October 27, 2002, during which Markin gave the two $30,000, $10,000, and $10,000, respectively.[9] After receiving the down payment, Denisenko and Blinov disappeared.[1,2,3,5,9,10]
In the spring of 2003, Markin, who realized he had been deceived, went to the Nizhniy Novgorod branch of the Federal Security Service (FSB).[5,9,11] It is not clear whether Markin reached a deal with the FSB in exchange for information on the conmen. However, according to Aleksandr Borodin, chief of the Sarov FSB directorate, Markin was ready to incur criminal liability under Article 220 of Russia’s Criminal Code “Illegal Handling of Radioactive Materials” as long as he could recover the money he had spent.[6,8,9,11,12] By that time, the FSB already had information about some individuals attempting to sell a consignment of weapons-grade plutonium allegedly stolen from a secure storage site in Sarov.[1,2,6,10,11,13]

In the spring of 2003, FSB agents arrested Denisenko and Blinov, and during a subsequent search at Blinov’s apartment found the fake container and technical documentation as well as a firearm and a significant quantity of ammunition.[1,3,4,9,11] In April 2003, the Sarov Prosecutor’s office charged Denisenko under Article 159, part 3, clause “b” of Russia’s Criminal Code (“Fraud”), Article 285, part 1 (“Abuse of Official Powers”), and Article 292 (“ Forgery”). Blinov was charged under Article 159, part 3, clause “b” and Article 222, part 1 (“Unlawful Possession of a Weapon”).[1,3,4,10,13]

In July 2003, Markin died in a hospital after a car accident. Investigators declared that his death was not related to the case.[5,6,9,11]


Stolen Cesium-137 Recovered in Russia

On November 19, 2003, a container with cesium-137, stolen three weeks earlier from a local company located in the city of Noyabrsk (Yamalo-Nenets Autonomous District), Russia, was discovered on the outskirts of the city.[1] In the early morning of September 25, 2003, a group of thieves infiltrated the perimeter of the Kholmogorneft Joint Stock Company without being detected by company security guards. According to local police officials, the thieves forced the lock of a metal railroad car and took a 40-kg lead vessel containing three grams of cesium-137 belonging to the Schlumberger Limited company.[2,3,4,5] After the theft was discovered, local law enforcement agencies organized a search for the stolen cesium in which 184 persons and 32 vehicles from all Noyabrsk law enforcement agencies participated.[6] The search was not successful, and Schlumberger later announced a reward of 150,000 rubles ($5,100 as of September 2003) for the missing radioactive substance.[1,5]

The circumstances of the subsequent discovery of the cesium remain unclear. According to Yuriy Akishin, investigator at the Noyabrsk directorate of internal affairs, an employee of Schlumberger found the
container with the help of a portable radiation detection device (dosimeter).[7] According to other media reports, a passerby found the container by accident.[1, 8] Law enforcement officials examined the container and its content and concluded that the container had not been tampered with and the weight of the stolen cesium remained unchanged.[8] Police investigators believe that the culprits were unable to sell the stolen cesium and decided to get rid of it.[1, 8] According to Akishin, the case will remain open until the thieves are apprehended and convicted.[7]

Editor’s Note: Considering that the specific activity of cesium-137 is 88 curies per gram (Ci/g), three grams of fresh cesium-137 would have 264 Ci, which is above the threshold of high-risk sources according to the IAEA. Cesium is constantly decaying, but its half-life is 30 years, which is relatively long, implying that much of the original material has not decayed. In these conditions, it is likely that a 3 g sample has a significant amount of radioactivity and could be used in a radiological dispersal device or dirty bomb.

Schlumberger Limited is a global oilfield and information services company with major activity in the energy industry. The company’s headquarters for oilfield service activities in Europe, the NIS, and Africa are located in France.[9]

According to Kazakhstani Minister of Foreign Affairs Kasymzhomart Tokayev, preparatory work for the launching of the SCO Secretariat and the Regional Anti-Terrorism Structure is nearly finished. A building that will house the SCO Secretariat has been identified in Beijing, China. The headquarters of the regional antiterrorism group will be located in Tashkent, instead of the previously agreed-upon location in Bishkek. According to Asanbek Osmonaliyev, deputy foreign minister and the national coordinator from Kyrgyzstan at the SCO, the change of location was largely dictated by the fact that Kyrgyzstan already hosts a number of anti-terrorist structures. Among them are the headquarters of the CIS Anti-Terrorism Center and the headquarters of the Collective Rapid Deployment Force, both formed under the auspices of the CIS Collective Security Treaty Organization.

Speaking at the meeting of the SCO foreign ministers, Kazakhstani Minister of Foreign Affairs Tokayev stressed that SCO activities should not be confined to the organization’s current geographic borders. Tokayev’s view was echoed by his Russian counterpart, Igor Ivanov, at a joint press conference of SCO ministers of foreign affairs, who stressed that “our organization has an ‘open character,’ we are interested and ready for cooperation with other international, regional, and sub-regional structures, as well as with independent states.” Meeting participants agreed that the threats of international terrorism and drug trafficking, among others, are formidable challenges to all states, and that the SCO has an important role to play in countering these threats. The ministers confirmed the need for the urgent creation of a UN-based Global System of Counteraction against Present-Day Threats and Challenges, with the SCO being an integral part of this system.

In a related development, on August 6-12, 2003, the SCO conducted a two-phase military exercise, in which 1,000 troops from China, Kazakhstan, Kyrgyzstan, and Russia, took part. Tajikistani officials observed the exercise, while Uzbekistan did not participate. The first stage of the exercise was held in Bishkek. According to Asanbek Osmonaliyev, deputy foreign minister and the national coordinator from Kyrgyzstan at the SCO, the change of location was largely dictated by the fact that Kyrgyzstan already hosts a number of anti-terrorist structures. Among them are the headquarters of the CIS Anti-Terrorism Center and the headquarters of the Collective Rapid Deployment Force, both formed under the auspices of the CIS Collective Security Treaty Organization.

International Developments

Update on Seizure of Allegedly Radioactive Substance in Poland

In an article entitled “Theft and Trafficking of Radioactive Materials in the United Kingdom, India, and Poland,” published in the October 2003 issue, the NIS Export Control Observer reported an attempt by a group of six residents of Przemysl, Poland to illegally sell two containers with more than half a kilogram of cesium. The individuals were apprehended by operatives from the Polish Central Bureau of Investigation in a sting operation in the town of Rzeszow, on September 1, 2003.[1]

A recent communication with Genowefa Smagala from the Central Laboratory for Radiological Protection (CLOR) in Warsaw sheds light on a few important details in this case. Contrary to what was announced in the October article, the material seized on September 1, 2003, in Rzeszow was a pure sample of the naturally occurring, non-radioactive isotope cesium-133.[1] According to Smagala, operatives of the Central Bureau of Investigation were aware of this fact before they apprehended the suspects. After the culprits were detained, the material was taken to the Polatom Radioisotope Center in Swierk, near Warsaw, which is the principal Polish producer of radioactive materials, including isotopes. The analysis performed by Polatom experts confirmed that the seized material was, in fact, non-radioactive cesium-133, and as such cannot be used for the production of radiological dispersal devices (RDD), including a “dirty bomb.”[2]

Editor’s Note: Established in 1957, CLOR is under the authority of the National Atomic Energy Agency of Poland. The main statutory responsibility of CLOR is the protection of the general public and persons exposed through their occupations against the hazards of ionizing radiation. For more information on CLOR, visit the organization’s website at http://www.clor.waw.pl/.


APEC Members Agree to Fight Terrorism, WMD Proliferation

In a step towards concrete action in the fight against terrorism, leaders of Asia-Pacific Economic Cooperation (APEC) member economies – an organization that includes 19 countries plus Hong Kong and Taiwan – issued a declaration on October 21, 2003, in which they agreed to dismantle terrorist organizations and fight weapons of mass destruction (WMD) proliferation in the region. The Bangkok Declaration on Partnership for the Future states that: “We agreed that transnational terrorism and the proliferation of weapons of mass destruction pose direct and profound challenges to APEC’s vision of free, open and prosperous economies.” APEC member economies agreed to take six specific actions to enhance human security over the next year and to review progress at subsequent annual meetings of APEC leaders. The actions are as follow:

1. Adopt strict domestic export controls on man-portable air defense systems (MANPADs); secure stockpiles of MANPADs; regulate production, transfer, and brokering of MANPADs; ban transfers of MANPADs to non-state end-users; exchange information on MANPAD-related activities.

2. Increase and better coordinate APEC counterterrorism activities; collaborate with the G-8’s Counterterrorism Action Group, the UN Security Council Counterterrorism Committee, and other relevant international and regional organizations.

3. Implement the APEC Action Plan on Severe Acute Respiratory Syndrome (SARS) and the APEC Health Security Initiative to respond to naturally occurring infectious diseases and bioterrorism.[1] [Editor’s Note: The APEC Health Security Initiative calls for a high level of physical security, accountability, and safety with respect to the storage, use, and transfer of dangerous biological pathogens. In addition, APEC member economies agree to introduce new or strengthen existing laws, regulations, and enforcement mechanisms that require strict export controls on dual-use biological materials and equipment. APEC will work closely with the World Health Organization, the APEC Emerging Infections Network, and the Regional Emerging Disease Intervention Center (a center established in Singapore by the governments of Singapore and the United States to serve...}
Since September 11, 2001, APEC has become increasingly involved in counterterrorism and international security issues. A month after the 2001 terrorist attacks on the United States, APEC leaders issued a statement on counterterrorism in which they pledged to take measures to prevent the flow of funds to terrorists and agreed to cooperate on projects to enhance airport, aircraft, and port security, as well as electronic customs networks in the region.[7] At the annual APEC leaders’ meeting, which took place two weeks after the October 2002 terrorist bombings in Bali, Indonesia, participants pledged to work together to secure the flow of goods and people by protecting cargo, ships, aviation, and people in transit.[8] The October 2003 Bangkok Declaration on Partnership for the Future is APEC’s strongest, most specific statement to date of the new role APEC will play in fighting terrorism and WMD proliferation. Recognizing the vital relationship between economic success and security, the APEC leaders stated in their Declaration that: “We agreed to dedicate the organization not only to advancing the prosperity of our economies, but also to the complementary mission of ensuring the security of our people.”[1,9]

Editor’s Note: Established in 1989, APEC is a forum for facilitating economic growth, cooperation, trade, and investment in the Asia-Pacific region. APEC’s 21 members (referred to as “member economies”) include Australia, Brunei, Canada, Chile, People’s Republic of China, Hong Kong (China), Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, the Russian Federation, Singapore, Taiwan, Thailand, the United States of America, and Socialist Republic of Vietnam. They account for more than 2.5 billion people and 47% of world trade.[10]
Syria Seen As Member of the “Axis of Evil”

Although President Bush officially listed only Iran, Iraq, and North Korea as members of the “axis of evil” in his January 2002 State of the Union address, the White House currently intends to expand the list. Speaking at the U.S. Embassy in London on October 9, 2003, Under Secretary for Arms Control and International Security John Bolton said: “We are now turning our attention to Iran, Libya, Syria, and Cuba.”[1] But it appears that out of the mentioned countries, Syria is becoming the main focus of the Bush administration’s attention.

On September 16, 2003, Bolton testified on the topic of the weapons of mass destruction (WMD) and terrorism threat from Syria before the Subcommittee on the Middle East and Central Asia of the U.S. House of Representatives International Relations Committee. “We are aware of Syrian efforts to acquire dual-use technologies — some through the IAEA Technical Cooperation program — that could be applied to a nuclear weapons program. In addition, Russia and Syria have approved a draft program on cooperation on civil nuclear power,” Bolton said in his testimony. He went on to emphasize: "Broader access to Russian expertise could provide opportunities for Syria to expand its indigenous capabilities, should it decide to pursue nuclear weapons."[2]

On October 15, 2003, by a 398-4 vote, the U.S. House of Representatives passed the Syria Accountability Act to enact economic sanctions against Syria if Damascus fails to end its alleged support for terrorism and its suspected efforts to develop WMD.[3] The Act bans the export of dual-use equipment to Syria and gives President Bush a choice of sanctions that include limiting diplomatic contacts, cutting off trade, and halting air links.


German Businessman on Trial for Selling Aluminum Tubes to North Korea

On October 15, 2003, the trial of Hans-Werner Truppel, the 57-year-old chief executive of the German company Optronic GmbH & Co. KG, started in Stuttgart, Germany. Truppel is accused of selling aluminum tubes to North Korea in violation of German export control regulations.[1,2,3] Two executives from a Hamburg shipping firm accused of organizing the transport of the tubes to North Korea through China are co-defendants in the case.[1]

Truppel is suspected of agreeing to ship 22 metric tons of British-manufactured tubing to North Korea via China.[1,2,3] According to customs documents, the tubes were destined for China’s Shenyang Aircraft Corporation, and were sent on their journey to China by a Hamburg shipping firm on board the French ship, Ville de Virgo.[3,4] In April 2003, French authorities, having been alerted by German authorities that the consignment may be destined for North Korea, seized the shipment at the Egyptian port of Damietta (located on the estuary of the Nile River).[1,2,5] The tubes had allegedly been ordered by Yun Ho Jin, a North Korean diplomat who had been Pyongyang’s representative to the IAEA for 14 years.[1] According to media reports, Jin first made contact with Optronic in the 1980s.[1,2,5] If found guilty, Truppel could face up to 15 years in prison.[1] A verdict is expected on December 17, 2003.

Editor’s Note: Some experts estimate that the aluminum tubes would have enabled North Korea to build gas ultra-centrifuges that could have produced as much as 10 kg of enriched uranium within two years.[1,2,3] Fifteen to 25 kg of highly enriched uranium are needed to produce a nuclear weapon. This case is also noted in “United States Announces Proliferation Security Initiative to Interdict Shipments of WMD and Missile-Related Equipment and Technologies,” NIS Export Control Observer, June 2003, pp. 11-13.

Export Control in Focus

Internal Compliance Programs Gain Momentum

Since the post-Gulf War disclosures of the early 1990s of Western contributions to Iraq’s weapons of mass destruction (WMD) programs, internal compliance programs (ICPs) have become an increasingly prevalent component of export control discussions and assistance. The growing sophistication of WMD-related technologies and expansion of global trade have taxed the control and monitoring capabilities of national export control systems. In addition, the inclusion of the catch-all clause in national export control systems worldwide has accelerated the necessity of developing ICPs, as the obligation of the exporter now extends beyond published control lists. Consequently, export control strategies now emphasize the enhanced responsibility of industry in preventing the spread of WMD-related goods and technologies.

At multilateral export control regime fora, regional export control conferences, and in industry association publications, discussions of internal compliance programs are rampant. Despite the growing rhetorical popularity of such programs, however, there is currently no internationally recognized standard for the design or implementation of internal compliance efforts. For example, in states such as Poland and Canada, ICPs are legally required for companies exporting licensed goods. In others, such as the United States, relevant exporters are not required to develop ICPs, but are merely encouraged to do so.

Although the United States and several other governments have strong sets of outreach programs to inform industry about WMD export controls, evidence suggests that industry compliance remains haphazard in the United States, even among the largest high-tech exporters.[1] Several countries, such as Denmark and Japan, for example, already rely more extensively on corporate compliance programs to implement export control policy than does the United States.[2] To redress compliance deficiencies, the U.S. Departments of State and Commerce have increased the scope and nature of their outreach efforts by providing more ICP resources to the exporter community.

The Export Management System Guidelines, developed by the Department of Commerce’s Bureau of Industry and Security (BIS), were designed to help companies put together a customized compliance program. They describe 17 optional elements that firms may wish to consider in designing a compliance program. They consist of administrative elements and screening procedures, such as the designation of responsible officials, record keeping, and importer/end-user screening procedures to evaluate the risk of product diversion.[3] The Directorate of Defense Trade Controls of the U.S. Department of State similarly offers ICP assistance to the defense exports community in its Guidelines for DTC Registered Exporters/Manufacturers Compliance Program.[4]

A number of other advanced supplier states are also actively promoting IPCs. The U.K.’s Department of Trade and Industry, for example, distributes an Export Control Compliance Code of Practice to relevant exporters.[5] The Russian Ministry of Economic Development and Trade offers accreditation to institutes and enterprises establishing internal compliance programs.[6] In Asia, Japan’s Ministry of Economy, Trade, and Industry collaborates with a nongovernmental organization, the Center for Information on Security Trade Control, to work with industry in developing ICPs.[7]

In the less developed economies, including some in the former Soviet Union, export control assistance from more advanced states is seeking to redress the general lack of industry awareness. The U.S. Department of Commerce, under the State Department’s Export Control and Related Border Security program, has been assisting many states in Eurasia and beyond to develop not only the requisite legal and enforcement capabilities for effective export controls, but also the ability of industry to police its own export activities.[8] There is little information on the extent of national ICP outreach activities in India, Pakistan, and China, but by most accounts, relevant industries in these key supplier countries remain, in the main, unaddressed.[9]
Until quite recently, industry awareness and ICP capacity building had been targeted at the traditional production-based companies. With the increasing nonproliferation emphasis on transshipment zones, freight forwarders and customs brokers are now expected to follow the ICP development trend. Otherwise, they risk serious penalties for export control violations. Recently, for example, a New Jersey freight forwarder was hit with nearly $650,000 in criminal and civil fines for exporting goods to India. According to BIS Deputy Assistant Secretary for Export Enforcement Lisa Prager, “Forwarders play a key role in the global supply chain. As such, it is important that they be attentive to their export control obligations.”[10]

As a means for further strengthening WMD and anti-terrorism export controls, the United States and other concerned nations might consider creating and certifying minimum standards for industry internal compliance programs. One nongovernmental organization has already spoken to this niche market. The U.S.-based International Import-Export Institute is the only organization currently certifying compliance officers for the international trade community.[11] The certification, however, does not confer exporting privileges, nor does the U.S. government officially recognize the certification as legally relevant.


Workshops and Conferences

Turkmenistan Hosts Conference on Borders, Transit, and Trade

On October 17-18, 2003, a conference entitled “Uncertainties and Opportunities for Central Asia: Borders, Transit and Trade” was held in Ashgabat, Turkmenistan. Preceded by a December 2002 preparatory meeting in Berlin, the international conference was jointly organized by the Conflict Prevention and Peace Forum (CPPF), United Nations, Organization for Security and Cooperation in Europe (OSCE), and Turkmenistani government. Attendees included foreign ministry, customs, and border control representatives from Central Asia, Iran, and Afghanistan, as well as representatives of the institutes of strategic studies of the Central Asian states. A number of scientists and experts, as well as officials from the European Commission and the World Bank also attended.

The meeting focused on urgent issues related to border security and compliance with customs procedures in Central Asia, and addressed such issues as the problem of trans-border transit and the potential conflicts
between border security and interstate cooperation, and the use of the region’s water and energy resources. The participants also identified regional cooperation in international trade as one of the prerequisites for economic development in Central Asian.

As Assistant UN Secretary-General for Political Affairs Danilo Turk noted, the Ashgabat conference was an important step in creating a mechanism to resolve problems and create conditions for broad cooperation in the war against such dangerous threats as terrorism, extremism, and drug trafficking.

The next meeting gathering Central Asian representatives and UN, OSCE, and CPPF officials will be held in early 2004 in Tashkent, Uzbekistan.

**Annual Update on U.S. Export Controls**

On October 20, 2003, the sixteenth Annual Update 2003 Export Controls and Policy Conference was organized by the U.S. Department of Commerce Bureau of Industry and Security (BIS) in Washington, D.C. The purpose of the annual conference is to inform industry representatives on recent updates and changes in the U.S. system of export controls.

Keynote speaker Under Secretary of Commerce for Industry and Security Kenneth Juster discussed the year’s main achievements in making the U.S. export control system more efficient and effective. These included:

- The revision of the “Guidance on Reexports” to make it easier to understand and use. The document sets rules, procedures, and licensing requirements with respect to re-exporting American products subject to export control. It was posted in English and several foreign languages on the BIS website ([Guidance on Reexports and other Offshore Transactions Involving U.S.-Origin Items](http://www.bis.doc.gov/Licensing/ReExportGuidance.htm), April 16, 2003).
- The issuance of new administrative penalty guidelines with the purpose of soliciting comments from governmental and non-governmental experts and business community. The new guidelines list the considerations, both mitigating and aggravating, that form the basis for decisions in administrative settlements of export control violations.
- Department of Commerce continued strong implementation of catch-all provisions in licensing procedures.
- Enforcement measures were enhanced: a large number of cases with total criminal penalties of approximately $2.2 million and administrative fines of $4.1 million were completed.

According to Juster, the key problem facing U.S. export controls is the urgent need to approve a new Export Administration Act. The Export Administration Act of 1979, as amended, expired in August 2001. Since the expiration, the export control system has been functioning under the authority of the International Emergency Economic Powers Act, which allows the U.S. president to renew the Export Administration Act of 1979 on an annual basis.

In the international arena, Juster noted that the United States has been working with various countries within and outside multilateral export control regimes to reinforce export controls and improve the effectiveness of multilateral nonproliferation regimes. This work includes an effort to add catch-all controls to the Missile Technology Control Regime guidelines and to help the Nuclear Suppliers Group develop an informal watch list of non-controlled items that could be used to produce nuclear weapons.[1]

Juster also reported on developments with respect to improvement of transshipment procedures that took place since the October 2002 Annual Update, when he presented the new Transshipment Country Export Control Initiative (TECI). Under TECI, BIS has worked with relevant government and private sector officials at key transshipment hubs to tighten security and enhance export control systems without hindering the rapid flow of legitimate trade.[2] BIS initially focused on those transshipment hubs that serve as major distribution points in the global economy and are located near countries that pose proliferation or security concerns.
Juster also mentioned developments with respect to bilateral relation with various countries that took place since the Update 2002 conference. To facilitate strategic trade and enhance controls to prevent the proliferation of sensitive goods and technologies, in November 2002, the U.S.-India high technology cooperation group was established and has held several meetings since then. BIS also works with China to improve bilateral relations and facilitate trade, while committing to export control norms. In addition, BIS has undertaken a review of the country tiers or groupings used in U.S. export control regulations that rank countries according to the proliferation and/or national security threat they are considered to pose, a ranking that affects licensing policy and license exceptions.[1] Three days after the Update 2002 conference, the Department of Commerce proposed easing national security export controls on technology to develop and build powerful computers and microprocessors, which will benefit Tier 3 countries (Algeria, China, India, Israel, Pakistan, Russia, and Saudi Arabia) and Tier 1 countries (Argentina, Botswana, Congo, France, Iceland, Japan, Peru, South Korea, United Kingdom, Zimbabwe).[3]


Special Report

Belarus-Russia: Will Customs Barriers Hinder Creation of a Unified State?

by Vyachaslau Paznyak, International Institute of Political Studies, Minsk, Belarus

On August 27, 2003, during a meeting on agricultural development in Orsha, Vitebsk Oblast, Belarusian President Aleksandr Lukashenko stated that it is a priority for Belarus to protect its domestic market against low quality goods produced in other countries that arrive duty-free through the Belarusian-Russian border and thus unfairly compete with similar Belarusian goods. Chairman of the State Customs Committee of Belarus Aleksandr Shpilevskiy was tasked to solve this problem, or, otherwise, to introduce on the state border the same customs control as is currently practiced by the Russian side, beginning January 1, 2004.[1] Even though it appears that the proposed measures are of a purely protectionist nature, their consequences will have an immediate political impact, further challenging the already questionable viability of the union between Belarus and Russia. This time the problem entails a re-creation of customs barriers on both sides of the border, a task that might become an insurmountable obstacle for the creation of a customs union between the two countries. This would imply not just a retreat from existing agreements, but essentially a return to the situation of the mid-1990s, when the more modest task of the creation of a free trade area – a prerequisite for any customs union – was being addressed. If such measures are undertaken, Belarus and Russia will have rejected both the principle of a common customs territory and the principle of a unified external customs border. This will indicate that the priorities of both countries have shifted again towards the restoration of national customs territories and borders.

The process of the creation of a customs union between Belarus and Russia began in January-February 1995, when Russian-Belarusian agreements on the customs union were signed. These agreements provide for the integration of the two countries’ customs territories into a common customs territory and joint administration of the customs services. Those goals were later included in the Community Treaty, Charter of the Union of Belarus and Russia, and the Treaty on the Creation of a Union State. As a result of the aforementioned bilateral treaties, the Customs Committee of the Union of Belarus and Russia has functioned since June 1996.

Among the subsequently signed bilateral agreements, the following are especially noteworthy: the Intergovernmental Agreement on the Completion of Unification and Creation of a Common System of Tariff and Non-Tariff Regulation in the Union State (January 2001); the Union State Program on the Prioritized Development of Infrastructure of the Border Customs Clearance Points (border checkpoints) on the Territory of the Republic of Belarus (implemented in 1997 to combat smuggling and improve customs control on the external customs border of Belarus); and the Program for the Creation of a Joint Information System of the Customs Committee of the Union State of Belarus and Russia. In July 2003, the Union’s
Customs Committee board discussed suggestions on the complete removal of customs control on the common border and the unification of the customs legislation of the two countries.[2]

In May 1995, the presidents of Belarus and Russia signed edicts on the removal of customs controls on the internal customs border of the two states. However, a considerable quantity of goods produced in third countries was cleared in Belarus due to its lower customs tariffs and subsequently transited to Russia, causing serious damage to the Russian economy.[3] Beginning in November 1996, the State Customs Committee of the Russian Federation repeatedly introduced and revoked customs controls with regard to goods from third countries exported to Russia via Belarus. In late March 2000, Russia restored customs controls on the Belarusian-Russian border on a de facto basis. In response, on August 1, 2000, Belarus introduced customs clearance and controls for goods from third countries arriving via Russia, albeit without restoring the customs posts on the immediate border. In January 2003, the head of the State Customs Committee of Belarus announced the need to establish the presence of Belarusian customs on the Belarusian-Russian border by creating posts similar to the Russian customs posts, to control the inflow of goods produced in third countries.[4]

Despite the common trade and customs policy regarding other countries, transit goods and other issues remain to be solved, hampering the formation of a common customs tariff, the unification of customs and external economic legislation, and the creation of a coordinated and centralized system of administration of the customs and foreign trade bodies.[5] As early as April 1999, the Supreme Council of the Union State decided that the customs territories of Russia and Belarus form a unified “customs space,” but not a common customs territory, which is necessary for a full-fledged customs union to function.

The customs union of Belarus and Russia thus remains a declaration of intentions and the process of its creation has been rather circular. This can be explained, for the most part, by contradictions between the political, economic, and financial interests of the two sides that go beyond the customs problems, rather than by bureaucratic obstacles and uncoordinated actions in the customs sphere.

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