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Recent Developments

India Implements Tighter Nuclear Export Guidelines

On March 13, 2006, the Indian government began implementation of the *Weapons of Mass Destruction Act*—a law passed in May 2005 by both houses of the Indian parliament. New Delhi's implementation of the *WMD Act* further strengthened domestic efforts to control the export of materials and technology that can be used in the development of nuclear weapons.[1,2] The act was seen as one step in fulfilling New Delhi's obligations under UN Security Council Resolution 1540 (UNSCR 1540), which calls on all countries to criminalize proliferation activities and to control transfer and use of WMD-relevant equipment and materials. Under the new law, the Indian government criminalized the unauthorized possession of WMD and closed a number of loopholes in previous laws and regulations. The law also defines more specific penalties for export control and proliferation-related violations. While many of the requirements of the new law had been standard bureaucratic procedures for processing of export licenses in the Indian system, the *WMD Act* strengthens the legal basis for a number of practices.[3,4] [*Editor's Note: For more on the passage of India's* WMD Act, *see "Illegal Nuclear Sale Blocked in India; New Delhi Passes New Export Control Legislation,"* Asian Export Control Observer, *April/May 2005, pp. 2-3, <http://cns.miis.edu/pubs/observer/asian/index.htm>*.]

With India's nuclear activities now receiving increased international attention following the signing of a new U.S.-India agreement that would end a long-standing U.S. ban on nuclear sales to India, the act's new controls over nuclear commodities are of particular interest. Similar to India's previous export control regulations and practices, the *WMD Act* controls a wide range of nuclear-related items including, but not limited to, "nuclear reactors, fuel reprocessing plants, fuel fabrication plants, uranium enrichment plants, uranium and plutonium conversion facilities, heavy water production plants, and tritium recovery plants."[2] The new law also makes it a legal requirement for re-exports of controlled Indian-origin items to be approved by the Indian government.

Approval of all nuclear-related exports remains under the purview of India's Department of Atomic Energy (DAE). However, the new law formalizes a number of restrictions on the export of nuclear dual-use technology. For instance, prior to the implementation of the new law, the DAE required, as a matter of policy, that a facility receiving Indian nuclear materials or equipment be covered by an International Atomic Energy Agency (IAEA) safeguards agreement to ensure the facility was not used to support the development of nuclear weapons. The *WMD Act* now makes this a formal requirement under Indian law. Furthermore, in a change from earlier legislation, the new *WMD Act* stipulates that Indian export control authorities may apply additional conditions for exports if a transfer raises national or international security concerns. The importer must also agree to on-site verification by Indian government inspectors, if DAE deems it necessary.[2,4,5]

Additionally, the new legislation creates a stronger legal basis for increased scrutiny on the transfer of highly sensitive items, such as equipment related to uranium enrichment or plutonium separation, and technologies that can provide access to materials directly usable for nuclear weapons. For instance, the *WMD Act* requires nations importing nuclear reactors from India to agree that the materials or technology will not be used in the production of highly enriched uranium (HEU), a nuclear-weapon material, without the consent of the government of India.[2,5] As with the IAEA safeguard requirement, the HEU controls were part of the criteria used by Indian authorities in the licensing process previously, but the *WMD Act* has now codified this in Indian statutory law.[4]

Editor's Note: The new law was passed before the civilian nuclear cooperation pact between the United States and India was announced in July 2005. The U.S.-India nuclear deal—which requires an amendment to Section 123 of the U.S. Atomic Energy Act*—must be approved by the U.S. Congress.*[6] *The matter must also be examined by the Nuclear Suppliers Group (NSG), which must agree to lift current restrictions on members exporting nuclear and dual-use material to India.*[7] *In July 2005, two months after the* WMD Act *was adopted, India harmonized its nuclear control list with that of the NSG. For more on recent developments on the U.S.-India nuclear deal, see "U.S.-India Nuclear Deal Detailed, but Reactions in NSG and U.S. Congress Mixed," on p. 12 in this issue.*

Sources: [1] "Parliament Approves WMD Bill," *The Hindu*, May 14, 2005; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [2] "India Tightens Guidelines for Exports of Nuclear Equipment, Technology," PTI News Agency (New Delhi), March 13, 2006; in FBIS Document SAP20060313950021. [3] Seema Gahlaut and Anupam Srivastava, "Nonproliferation Export Controls in India, Update 2005," Center for International Trade and Security, University of Georgia website, <http://www.uga.edu/cits/documents/pdf/CITS%20India%20WV.pdf>. [4] CNS e-mail communication with Seema Gahlaut, Center for International Trade and Security, April 18, 2006. [5] Seema Guha, "Nuke Act Comes into Force," Daily News & Analysis website (India), March 14, 2006, <http://www.dnaindia.com>. [6] "India's 'Amended Guidelines' to Prevent 'Any Chance of' Nuclear Proliferation," *Hindustan Times* (New Delhi), March 14, 2006; in FBIS Document SAP20060314384004. [7] "NSG Refusal No Setback, Say Experts," *The Statesman* (India), March 28, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>.

Kazakhstan Ratifies Border Agreement with Russia and Makes Efforts to Improve Customs Procedures

On March 2, 2006, Kazakhstan's president Nursultan Nazarbayev signed law No. 129-III ratifying the *Agreement between the Government of the Republic of Kazakhstan and*

the Government of the Russian Federation on the Activity of Border Representatives, following the ratification of the agreement by the Senate (upper house of Kazakhstan's parliament) on February 16, 2006. The original agreement was signed in Astana on January 9, 2004, by Bolat Zakiyev, director of the Border Guard Service under the Kazakhstan's Committee for National Security, and Vladimir Pronichev, first deputy director of the Russian Federal Security Service and head of the Border Guard Service, during the official visit of Russian president Vladimir Putin to Kazakhstan.[1,2,3]

Under the agreement, Kazakhstan and Russia will have seven and fifteen border representatives respectively, assigned to specific sections of the Kazakhstani-Russian border. The representatives will be chosen among officials of the Kazakhstani and Russian border guard services. Each border representative will have a deputy and support personnel, including assistants, secretaries, interpreters, and couriers. Border representatives may also engage experts and other personnel, if necessary.

Border representatives from both countries are tasked with jointly taking necessary measures, including exchange of information, to prevent, investigate, and settle border incidents, such as cross-border fire, illegal border crossings, unintentional border crossings by border guard officials on duty, and other incidents. Joint decisions on measures will be taken at meetings held at the request of one of the parties. Issues that do not require meetings can be solved through written correspondence or other means of communication. According to the agreement, investigations of border incidents by border representatives will not serve to replace investigations by law enforcement agencies. However, the agreement does not define the authority of border representatives vis-à-vis these agencies.

Under the agreement, border representatives will also work jointly with relevant authorities in Kazakhstan and Russia to fight smuggling, deport illegal migrants, participate in the identification and transfer of human corpses, conduct environmental control over economic and other activities on the border, and inform one another about threats posed by fires, epidemic and epizootic outbreaks, and agricultural pests. The agreement will be in force for five years starting from the document's ratification by both parties. It will be automatically renewed for another five-year term unless either side notifies the other of its intention to terminate the agreement.[4]

In a separate development, on March 10, 2006, the Customs Control Committee (CCC) of the Ministry of Finance of Kazakhstan unveiled a computerized information system called "Electronic Customs," at its headquarters in Astana. The system is being jointly developed by the CCC and the South Korean firms KT-NET, Samsung Corporation, and a Samsung affiliate—Samsung SDS. According to CCC deputy chairman Tlegen Suntayev, the information system, which incorporates risk assessment tools, advance notifications and electronic declarations, is designed to expedite customs clearance procedures and reduce related costs for importers. The introduction of "Electronic Customs" is also expected to help increase collection of customs duties and reduce corruption. The system will also facilitate electronic document exchanges with Kazakhstani ministries, agencies, banks, and financial institutions, as well as with customs agencies of other countries and international organizations.[5,6]

In a further effort to simplify customs procedures, on March 15, 2006, the CCC opened a new checkpoint on the Kazakhstani-Russian border that incorporates an integrated control system based on the so-called "one-stop" principle. The new checkpoint, named Zhaysan and located in the Martuk District, Aktobe Oblast, incorporates customs, border guard, vehicle control, veterinary/plant pathogen control, and sanitary-quarantine control in a single building and is equipped with the Rapiscan X-ray inspection system, information monitors, a mobile radiation control laboratory, and other modern customs control tools.[7,8] [*Editor's Note: The Rapiscan X-ray, a product of Rapiscan Systems, is a high energy X-ray cargo inspection system capable of penetrating 425 mm of steel equivalent and inspecting the widest range of cargo, including densely-loaded trucks and containers, thereby eliminating the need for costly and time-consuming manual inspections. Rapiscan Systems, a subsidiary of OSI Systems, is headquartered in Hawthorne, California and has additional offices and manufacturing facilities in Finland, India, Malaysia, Singapore, United Kingdom, and the United States.*][9]

Sources: [1] "Kazakhstan ratifitsiroval mezhpravitelstvennoye soglasheniye s Rossiyey o deyatelnosti pogranichnykh predstaviteley" (Kazakhstan ratified an intergovernmental agreement with Russia on the activity of border representatives), Kazakhstan Today news agency, March 2, 2006; in Gazeta.kz, <http://www.gazeta.kz>. [2] "Parlament Kazakhstana ratifitsiroval mezhpravitelstvennoye soglasheniye s Rossiyey o deyatelnosti pogranichnykh predstaviteley" (Kazakhstan's parliament ratified an intergovernmental agreement with Russia on the activity of border representatives), Kazakhstan Today news agency, February 16, 2006; in Gazeta.kz, <http://www.gazeta.kz>. [3] "Mezhdu pravitelstvami Rossii i Kazakhstana podpisan ryad soglasheniy" (Governments of Russia and Kazakhstan signed a number of agreements), Kazinform news agency, January 9, 2006, <http://www.inform.kz>. [4] "Soglasheniye mezhdu Pravitelstvom Rossiyskoy Federatsii i Pravitelstvom Respubliki Kazakhstan o deyatelnosti pogranichnykh predstaviteley" (Agreement between the Government of the Russian Federation and the Government of the Republic of Kazakhstan on the Activity of Border Representatives), Government of the Russian Federation website, <http://npa-gov.garweb.ru:8080/public/default.asp?no=1056472>. [5] Serik Kozhkenov, "Tamozhnya dayet dobro" (Customs gives its approval), Kazinform news agency, March 10, 2006, <http://www.inform.kz>. [6] Serik Kozhkenov, "Elektronnaya tamozhnya oblegchit zhizn i prineset vygodu biznesmenam" (Electronic customs will make businessmen's lives easier and bring them benefits), Kazinform news agency, March 18, 2006, <http://www.inform.kz>. [7] "15 marta t.g., v tselyakh realizatsii Programmy razvitiya tamozhennoy sluzhby Respubliki Kazakhstan na 2004-2006 gody, na territorii Aktyubinskoy oblasti vveden v ekspluatatsiyu eshche odin Edinyy kontrolno-propusknoy punkt 'Zhaysan'" (On March 15, 2006, another

integrated checkpoint, Zhaysan, was opened in Aktobe Oblast under the development program of the customs service of the Republic of Kazakhstan for 2004-2006), Kazakhstan's Customs Control Committee website, <http://www.customs.kz/exec/news/news_msg?newsid=458>. [8] Galiya Zhaldybayeva, "V 'Zhaysane' ostanovka" (The stop in Zhaysan), *Kazakhstanskaya pravda* online edition, March 22, 2006, <http://www.kazpravda.kz>. [9] Rapiscan Systems website, <http://www.rapiscansystems.com>.

Japan to Tighten Export Controls, Raise Awareness of Export Controls among Japanese High-Tech Exporters

On March 3, 2006, the Japanese Ministry of Economy, Trade and Industry (METI) announced plans to further strengthen domestic export controls to prevent illegal shipments of dual-use materials and technology. The move comes in the wake of recent violations by several Japanese companies of the Foreign Exchange and Foreign Trade Control Law. [*Editor's Note: For more information on recent export control violations by Japanese companies, see "Japanese Export Controls under Scrutiny as Revelations of Illicit Transfers Continue,"* International Export Control Observer, *March 2006, pp. 9-10, <http://www.cns.miis.edu/pubs/observer/index.htm*>.] The measures, announced by METI Minister Toshihiro Nikai at a press conference, aim to increase awareness of domestic export controls within relevant Japanese industries as well as universities and research institutes.[1,2]

The new METI initiatives consist of four main elements: (1) reinforcing measures to verify exporter compliance with the Foreign Exchange and Foreign Trade Control Law; (2) enhancing exporters' knowledge of export controls; (3) improving export controls on both controlled materials and related technologies; and (4) increasing international assistance to reinforce export control systems outside of Japan.[3]

As part of the initiative, METI announced it would conduct surprise inspections of approximately 100 companies to verify compliance with Japanese export control regulations. METI has already conducted inspections of 20 exporters since the beginning of 2006. METI also announced plans to hold approximately 70 export control seminars this year to brief the private sector on export laws and regulations. Furthermore, METI will require that firms attend these seminars before obtaining or renewing comprehensive export licenses. [*Editor's Note: Comprehensive licenses allow an exporter to provide multiple shipments of goods or technologies to the same end-user under a single license. These licenses have set time limits of three years and must be renewed thereafter.*] Management, as well as the trade and sales departments, of all firms applying for comprehensive licenses will be required to attend the seminars. In conjunction with targeting exporters, METI has also increased the number of staff with expertise in export control issues from 33 to 100. This increase in staff will assist METI in investigating possible export control noncompliance and conducting on-site inspections of industry.[1,2,3,4,5]

In order to enhance awareness of Japanese export control law in the academic and research community, the government has tasked the Ministry of Education, Culture, Sports, Science and Technology (MEXT) with disseminating information on export control regulations to universities and research institutes. METI and MEXT are focusing their efforts on institutions involved in the research and development of technologies that have the potential to be used in the development of weapons of mass destruction. This outreach is intended to ensure that such institutions do not inadvertently supply controlled technologies or materials to foreign entities. METI has urged research institutions to be more aware of export regulations, especially due to fears that these organizations may become a source of technology or know-how to entities in countries such as China or North Korea.[2]

METI is also working closely with Japanese law enforcement in order to better enforce domestic export controls. At a March 2, 2006, press conference, National Police Agency (NPA) Commissioner General Iwao Uruma, the highest ranking police officer in Japan, urged the Japanese high-tech sector to be more cautious about exporting their products in order to prevent materials from being used by foreign militaries. Uruma expressed concern over illicit transfers to China, insisting that China is intensifying its efforts to modernize its military with high technology.[6]

On a related note, METI recently expanded and updated its list of foreign entities barred from receiving controlled items from Japan. On April 4, 2006, METI added 20 North Korean and four Iranian entities to its "Foreign End Users List." These entities are suspected of involvement in WMD-related programs. The additions bring to 185 the number of banned entities on Japan's export control list. In addition to North Korea and Iran, entities from Afghanistan, China, India, Israel, Pakistan, and Syria are also on the list. The full list is available on METI's website at <http://www.meti.go.jp/policy/anpo/kanri/user-list/060404list.pdf>.[6,7]

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anpo/kanri/user-list/060404list.pdf>. [7] "Yushutsukanri no houkatsuteki kyouka ni tsuite" (Comprehensive strengthening of export controls), News Release, METI website, April 1, 2005, <http://www.meti.go.jp/press/20050401006/050331yusyutu.pdf>.

Changes in Personnel

New Chairman of Export Control Service Appointed in Ukraine

On March 20, 2006, Ukrainian Prime Minister Yuriy Ekhanurov signed Cabinet of Ministers Decree No. 355 appointing Mikhail Morozov chairman of Ukraine's State Service on Export Control (SSEC).[1,2] The position had been vacant since February 18, 2005, when President Viktor Yushchenko dismissed former SSEC chairman Oleksandr Leheida after revelations of illegal sales of six Kh-55 nuclear-capable, air-launched cruise missiles to China in April 2000 and six Kh-55s to Iran in May 2001.[3]

Mikhail Morozov was born in 1954. He graduated from the Higher Technical School in Bratislava, Czechoslovakia (now Slovakia), in 1977, and the Kiev Higher Banking School in 1994. From October 2004 to April 2005, Mikhail Morozov served as the chief executive officer of the All-Ukrainian Incorporated Bank (VaBank), and on April 20, 2005, he was appointed first deputy director general of Ukraine's state-owned arms export company Ukrspetseksport. Previously, Morozov served as first deputy director (December 2003-October 2004) and director (2001-2003) of the Progress trading firm, a subsidiary of Ukrspetseksport.[1,2,4,5] It is also worth noting that from 1984 to 1992 Morozov served in the Soviet Committee for State Security (KGB).[4,5]

Editor's Note: The trading firm, Progress, was involved in the April 2000 and May 2001 illegal transfers of Kh-55 missiles to China and Iran. Both Valeriy Malev, then director general of Ukrspetseksport, and Serhiy Samoylenko, then director of Progress, were implicated in the missile sale. Morozov was appointed director of the firm after the Kh-55 sale. For more information on this case, see "Ukraine Investigates Alleged Illicit Weapons Sales to Iran and China," NIS Export Control Observer, *No. 24, February 2005, pp. 13-14, <http://www.cns.miis.edu/pubs/nisexcon/index.htm>.*

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Illicit Trafficking

Suspected A.Q. Khan Network Middleman Goes on Trial in Germany

On March 17, 2006, Gotthard Lerch, a 63-year old German engineer arrested in November 2004 in Switzerland, went on trial in Germany at the Mannheim District Court. Lerch was charged with exporting nuclear weapons-related technology to Libya in violation of German export control laws—specifically the *War Weapons Control Act* and the *Foreign Trade Act of 1961*.[1,2,3,4,5]

Editor's Note: The unauthorized export of nuclear material or technology is illegal in Germany under the War Weapons Control Act *and* Foreign Trade Act of 1961. *The former criminalizes the production, development or trade in biological, chemical or nuclear weapons, and related technologies, as well as anti-personnel landmines. It also criminalizes the import, export, or other transport of said weapons into or out of German territory. The* Foreign Trade Act *lays out the rules and regulations for German imports and exports and provides a list of items that require licensing for transport across German borders.*

According to German intelligence sources, in 2001 Lerch received orders from Sri Lankan businessman and Khan network operative Buhari Sayed Abu Tahir to acquire equipment and technology necessary for the construction and operation of a uranium enrichment facility using high-speed gas centrifuges. According to the Mannheim state prosecutor, Lerch supplied Libya with uranium enrichment centrifuges, control systems, and manuals to support the Libyan nuclear weapons program. German prosecutors also claim that Lerch attempted to obtain precise manufactured piping from South Africa for "Machine Shop 1001," a facility located in Janzour, Libya. However, according to a 2004 Malaysian investigation of the AQ Khan network, Lerch failed to obtain these pipes, even though he had received payment of 55 million deutschmarks (DM) (about US$25 million) for their acquisition.[1,6,7,8,9] [*Editor's Note: Machine Shop 1001—also referred to as the Machine Shop 1001 Project—was a facility used in Libya's now-defunct nuclear weapons program. The purpose of the facility, according Libyan officials, was to allow Libya to indigenously manufacture components for gas centrifuges. The machine tools for the machine shop came from, or transited through, Spain and Italy. Although German authorities have not released exact*

details on the pipes Lerch attempted to acquire, sources with knowledge of the investigation indicated in September 2004 that the equipment in question was cascade piping. A cascade is a collection of uranium centrifuges hooked up via pipes to produce enriched uranium for either reactor fuel or nuclear weapons material.][10]

In 2003, the German cargo ship *BBC China* was seized delivering components for centrifuges to Libya, including casings, molecular pumps, crash rings, and stationary tubes. Shortly after the seizure, Libyan leader Mu'ammar al-Qadhafi began cooperating with Western governments and intelligence agencies, disclosing information detailing the Libyan nuclear program and the Khan network's role in supporting the effort. The information and cooperation provided by Qadhafi and other Libyan officials led investigators to many people within the Khan network, including Lerch. Investigations by German authorities in Sri Lanka and South Africa and the 2004 Malaysian investigation have also identified Lerch as a middleman for Khan. According to testimony of suspects in those investigations, Lerch played a key role in the operation, personally supervising the development of a uranium enrichment facility in Libya and serving as the primary contractor to Qadhafi.[1,9,11]

Khan met Lerch in the 1970s, when the two men were working in a region on the Swiss-German border known as "Vacuum Valley." The Swiss villages of Sax, Haag, Grabs, and Sennwald along the Rhine in the cantons of St. Gallen and Graubunden are home to firms that specialize in vacuum technology. The concentration of companies and technological expertise made the region attractive to Khan as he set up Pakistan's nuclear program.[7,12] [*Editor's Note: Vacuum technology is used in gas separation centrifuges to reduce the frictional drag of the centrifuge rotors. The rotors are contained in a vacuum housing. The less friction on the high speed rotors the less energy is required to spin the rotors. The separation of uranium into uranium-235, the isotope useful for fuel or weapons, from uranium-238, the more prevalent isotope in natural uranium, occurs inside the rotors.*]

The Lerch trial occurs as a number of German firms and businessmen are under investigation for illegally exporting nuclear equipment and technology to Iran. Recent investigations have uncovered front companies established by Tehran throughout Germany, as well as in Moscow and Dubai, for the procurement of weapons-related items. According to the German Federal Customs Office, these firms often employ as few as two or three individuals, who order components and technology from other producers and redirect them to covert destinations.

Since the end of February 2006, more than 100 firms in ten of Germany's sixteen federal states have been raided and searched for evidence of nuclear-related smuggling. As a result, investigators have confiscated more than 2 million Euros (about US$2.4 million) worth of military contraband, including nuclear-weapon relevant commodities, intended for shipment to Iran. Ten prosecutions are currently pending against individuals apprehended during the raids. Four of the cases involve the illicit procurement of conventional arms and six involve the smuggling of missile and nuclear technology. One of the arrests was of a suspected Iranian agent in Frankfurt, who had been posing as an employee of a company located in Ettlingen, Germany, but was instead working with an Iranian procurement network. While in Germany, he pursued a number of military-related materials, including replacement parts for Iranian fighter planes and welding equipment for propulsion tanks to be used in Iran's missile program.[13,14,15] *[Editor's Note: Tehran has aggressively targeted Germany since the 1980s as a source for nuclear technology. For more on Iranian nuclear smuggling in Germany, see "Germany Cracks Down on Suspected Procurement Networks,"* International Export Control Observer, *March 2006, pp. 5-6, <http://www.cns.miis.edu/pubs/observer/index.htm>*.

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Moisture Density Gauge with Radioactive Components Stolen from Maryland Construction Site

On March 17, 2006, the Maryland [United States] Department of the Environment (MDE) issued a public alert regarding the theft of a moisture density gauge containing small amounts of radioactive cesium-137 and americium-241 from a temporary construction site located in Pikesville, Maryland.[1] According to the crime report filed by the owner of the device—Professional Inspection and Testing Service (PITS) of Mt. Airy, Maryland—the theft took place between 6:30 pm on March 16, 2006, and 6:15 am on March 17. The intruder broke the lock on the gate of the construction site and then broke into three trailers stealing the gauge as well as a power washer and a grinder.[2]

The missing Troxler Model 3430 surface moisture density gauge with the serial number 23191 is used to measure moisture and compaction rates in soils, concrete, asphalt, and other aggregates, according to Ray Manley from the MDE's Radioactive Materials Licensing and Compliance Division.[3] The stolen device is valued at more than US$6,000, according to Ingrid Kalb, PITS Radiation Safety Officer.[3] When the gauge was stolen it was locked inside a shielded yellow transport suitcase measuring 3 x 2 x 2 feet (approximately 91 x 61 x 61 centimeters.) MDE officials emphasized that the gauge did not pose a public health hazard as long as its radioactive components remained inside the device and were not extracted.[2,4] The technical specifications for the Troxler Model 3430 posted on the website of its manufacturer—Troxler Electronic Laboratories, Inc.—identify the maximum activity of the radioactive sources used in this device. Thus, the maximum activity of these radioactive sources is 40 millicuries (mCi) ± 10% for the americium-241 neutron source and 8 mCi ± 10% for the cesium-137 gamma source. The part of the Troxler Model 3430 that contains cesium-137 source is located in an extendable rod, which in an idle mode is usually secured with a padlock inside the suitcase. The part containing americium-241 is encased inside the gauge itself.[2,4,5]

According to Maryland state officials, one or two such devices are stolen each year in Maryland. In March 2002, a Troxler gauge was stolen from a construction site in Columbia, Maryland.[3] Furthermore, on March 17, 2006, the Associated Press reported that similar gauges were stolen in January 2004, April 2003, and April 2002. However, the news agency did not indicate from where those gauges were stolen nor under what circumstances.[6] [*Editor's Note: According to the International Atomic Energy Agency's categorization of radioactive sources for portable moisture/density gauges (IAEA TECDOC 1344), the maximum activity for americium-241 sources is 100 mCi, while for the cesium-137 sources it is 11 mCi. In the case of the stolen Troxler Model 3430 gauge, the activity levels of its radioactive components are below the IAEA levels. Furthermore, according to the U.S. Department of Energy, a cesium-137 source would have to contain one hundred or more curies before it is considered a high-risk source. Therefore, the radioactive components of the stolen density gauge will not pose risk for use in a potent radiological dispersal device. In fact, the activity level of these sources is so low that even if they are unshielded and remain sealed, they will not pose a significant health threat to the public or to the culprits, who stole the device. However, if the sources were ingested and not purged from the body, they could cause significant health effects.*] [7,8]

Editor's Notes: Cesium-137 is a potent radioactive substance with a half-life of 30 years. It emits penetrating gamma radiation. It is used in a wide variety of industrial instruments, such as level and thickness gauges and moisture density gauges. Cesium sources have been used to measure the level of liquids in a variety of applications, including gasoline in gas tanks and beer in beer cans. It is also commonly used in the food processing industry for food irradiation purposes as well as in healthcare settings in various diagnostic procedures, sterilization of medical instruments and equipment, and blood irradiation. Non-portable, fixed industrial level gauges can use a few curies of cesium-137, and devices such as blood irradiators and food irradiation units are considered an even higher risk because they contain thousands or more curies. If used in a radiological dispersal device or a "dirty bomb," cesium-137 can cause extensive radioactive contamination if the radioactive source contains hundreds or thousands curies.

Americium-241 is an artificially produced radioisotope, which is a decay product of plutonium-241. Amercium-241 has a half-life of 433 years. The first sample was produced by bombarding plutonium with neutrons in a nuclear reactor at the University of Chicago in 1945. Americium-241 is a radioactive substance that emits alpha radiation that can ionize atoms and molecules in a human body, potentially harming health. Because alpha radiation is not very penetrating (a sheet of paper or the dead outer layer of skin can stop it), americium-241 would not pose an external health hazard. However, it could present an internal health threat if it were inhaled or ingested and stayed resident within the body. Many industrial devices contain americium-241, including smoke detectors, oil-well logging probes, and thickness/density gauges. According to the IAEA, two curies of americium-241 is the threshold for Category III americium sources. The Category III sources could cause some harm to human health if they are unshielded and a person is exposed to them for hours or days.

Sources: [1] "Environmental Agency, Police Seek Stolen Nuclear Gauge," Press Release, Maryland Department of the Environment website, March 17, 2006, <http://www.mde.state.md.us/PressReleases/844.html>. [2] Linda Strowbridge, "Radioactive Device Stolen from Work Site," *The Jeffersonian* [Baltimore County's Business Newspaper], March 27, 2006; in

Mywebpal.com, <http://news.mywebpal.com>. [3] Nick Shields, "Stolen Items Contained Some Nuclear Material," *Baltimore Sun* online edition, March 18, 2006, <http://www.baltimoresun.com>. [4] "Device with Nuclear Material Reported Stolen," *Baltimore Sun* online edition, March 17, 2006, <http://www.baltimoresun.com>. [5] Model 3430 Specifications; Troxler Electronic Laboratories, Inc. website, <http://www.troxlerlabs.com/PRODUCTS/3430specs.shtml>. [6] "Nuclear Gauge Reported Stolen," Associated Press, March 17, 2006. [7] Radioactive Material Safety Data Sheet: Cesium-137; website of Stuart Hunt & Associates Ltd., <http://www.stuarthunt.com/Downloads/RMSDS/Cs137.pdf>. [8] Radioactive Material Safety Data Sheet: Americium-241; website of Stuart Hunt & Associates, <http://www.stuarthunt.com/Downloads/RMSDS/Am241.pdf>.

U.S. Officials Incorrectly Charge Chinese Scientist in Illegal Arms Export Case

On April 13, 2006, U.S. federal prosecutors in Albany, New York, were forced to drop a number of serious arms export-related charges against U.S.-based Chinese scientist Jun Wang when it was revealed that the items Wang exported were not in fact covered by the U.S. International Traffic in Arms Regulations (ITAR) as originally claimed by U.S. authorities. Wang has been in custody since mid-March 2006, accused of illegally exporting controlled guidance systems to military entities in China.[1]

On March 17, 2006, Wang, a 36-year old Chinese citizen living in Guilderland, New York, was indicted in the U.S. Federal District Court in Albany for violating the ITAR and the Export Administration Regulations (EAR). At the time of his arrest, Wang was working as a research scientist for the New York State Health Department. Prosecutors contended that Wang purchased guidance systems on behalf of the Chinese military that can be used to steer missiles, torpedoes, and unmanned aircraft.[2,3,4,5]

In their original indictment—which the U.S. government now admits contained incorrect information—federal prosecutors maintained that Wang had illegally exported the Crossbow Attitude and Heading Reference System (AHRS400CB and AHRS400CC series) which were characterized by a U.S. government statement as "high-performance, solid-state [attitude] and heading reference system" used for "Unmanned Aerial Vehicle (UAV) control, avionics, and platform stabilization" and in the manufacture of missiles and torpedoes.[3] [*Editor's Note: Attitude and Heading Reference Systems (AHRS) are 3-axis sensors that provide heading, attitude, and yaw information for aircraft.*][6] According to the charges entered on March 17, 2006, the AHRS400CC system cannot be exported to China without an export license from the Department of State as it was "classified as defense articles under Category XII of the United States Munitions List.[3] However, on April 13, Assistant U.S. Attorney Thomas A. Capezza admitted in court that incorrect information from the U.S. State Department had led prosecutors to the assumption that the item was a defense article and thus covered by ITAR.[1]

The new charges that are expected to be filed against Wang will likely pertain to a "commerce violation" for not properly reporting the export of an item worth more than US$2500. That charge, according to Wang's attorney Kevin Luibrand, tends to only result in administrative penalties, and not criminal charges.[1] (The original ITAR-related charges could have meant up to 10 years in jail for Wang, if convicted.) Luibrand has consistently argued that the items Wang exported are readily available in China. Luibrand had previously noted that purchasing the items in the United States and shipping them to China was less expensive than obtaining them in China.[5][*Editor's Note: Crossbow Technology has an office in China that can sell directly to local customers. According to the website of Crossbow's Beijing Office, the AHRS400CC system is available for purchase*.][7]

Although U.S. authorities dropped the most serious charges against Wang, they still maintain that the items that he procured were meant for Chinese military entities.[1] According to statements made by Wang's wife, Yu Zhao, her husband sent the items to his brother, Yong Wang, in China. Zhao was not charged in the case, but federal authorities say she assisted Wang with some of the transactions. Zhao stated that she was aware of Wang's purchases of navigation electronics that might be used for research on airplanes, noting that she suspected—based on comments from her husband—that his research was related to the Chinese government and potentially for military use. According to Zhao, Yong Wang promised her husband a five percent commission on the purchases.[2] Assistant U.S. Attorney Capezza also declared that Wang had admitted to federal agents that the items were meant to assist Chinese military research on tanks.[5] According to sources with knowledge of the government's investigation, prosecutors have obtained a court order to obtain Wang and Zhao's tax records which may indicate that the couple could still be facing tax violation charges as a result of their activities.[1]

Sources: [1] Brenda Lyons, "You are Not a Danger," *Times Union* online edition, April 14, 2006, <http://www.timesunion.com>. [2] Brenda Lyons, "Scientist Faces Arms Charges," *Times Union* online edition, March 21, 2006, <http://www.timesunion.com>. [3] "Man Charged in Plot to Illegally Export Technology with Missile & UAV Applications to China," News Release, U.S. Immigration and Customs Enforcement website, March 23, 2006. [4] "Bail Approved for Chinese Scientist," WNYT-TV (Albany NBC-TV affiliate) online, March 23, 2006, <http://www.msnbc.msn.com> [5] Brenda Lyons, "Judge Sets Bond for Arms Case," *Times Union* online edition, March 23, 2006, <http://www.timesunion.com>. [6] "Attitude and Heading Reference Systems," *Wikipedia* (online encyclopedia), <http://en.wikipedia.org/wiki/Attitude_and_Heading_Reference_Systems> [7] "MEMS IMU, MEMS he FOG IMU, tuoluoyi, lianbang hangkongju renzhengde AHRS" (MEMS IMU, MEMS and FOG IMU, Gyroscope, FAA Certified AHRS), Crossbow Technology Inc., Chinese language site, <http://www.xbow.com.cn/product/Inertial_and_Gyro.html>. English version available at <http://www.xbow.com/Products/productsdetails.aspx?sid=1>.

Arms Dealer Durrani Convicted in California

On March 17, 2006, a federal jury in San Diego, California, found Arif Ali Durrani, a Pakistani national, guilty of multiple violations of the U.S. *Arms Export Control Act*, including four counts of exporting defense articles without a license and one count of conspiracy to commit offenses against the United States. His conviction followed an extensive investigation conducted by the U.S. Immigration and Customs Enforcement (ICE) and the U.S. Defense Criminal Investigative Service.[1,2]

Durrani's June 2005 arrest by ICE agents upon his arrival in the United States at Los Angeles International Airport was based on a 1999 indictment that charged him with illegally shipping components to Iran for the General Electric J85 turbine engine used on the F-15 fighter and other military aircraft. However, these charges were dropped shortly before Durrani appeared in court in September 2005. New charges against Durrani—involving activities in 2004 and 2005—were immediately filed by prosecutors. These charges, of which he was later found guilty, also pertained to the transfers of various aircraft parts, including components for the J85, to customers in Iran.[3,4]

Durrani's arms trading activities first garnered the attention of the U.S. government in the 1980s. In 1987, he was convicted of illegally exporting HAWK missile system components from the United States to Iran, for which he spent five years in U.S. prison. After his release in 1992, Duranni moved to Ventura, California, but was ultimately deported from the United States in 1998. He eventually settled in Rosarito Beach, Mexico.[1] [*Editor's Note: For more details on Durrani's past conviction and activities prior to his June 2005 arrest, see "International Arms Trader Linked to Californian Companies Charged with Illegally Exporting Military Aircraft Components,"* International Export Control Observer, *November 2005, pp. 12-13, <http://cns.miis.edu/pubs/observer/index.htm>.*] According to evidence presented at his trial, from his residence in Mexico Durrani arranged the illegal export of military aircraft parts from the United States to the United Arab Emirates (UAE), Malaysia, and Belgium. ICE agents testified at his trial that many of these parts were destined for Iran. Among the components being exported illegally by Durrani were temperature control amplifiers for the J85 turbine engine, an afterburner hydraulic actuator for the J85 engine, and the first stage turbine nozzles for the Honeywell T-55 engine used on the Boeing CH-47 Chinook military helicopter.[2,5,6]

In obtaining these items, Duranni received assistance from two U.S citizens, George Charles Budenz II and Richard Tobey. Budenz, a former U.S. Navy intelligence officer, pled guilty in October 2005 to illegally exporting military aircraft parts. Assistant U.S. Attorney William Cole noted that while Budenz facilitated the export of the products from the United States, Durrani was the "mastermind." Richard Tobey, head of the Temecula, California-based corporation, Airpower Supply, pled guilty in August 2005 to conspiracy to violate U.S. arms export control laws. Tobey claims that Durrani ordered him to export a T-38 cockpit canopy to the UAE.[7]

Serge Duarte, acting Special Agent-in-Charge for ICE investigations in San Diego, California, stated that "Durrani is one of ICE's most significant arms trafficking targets in recent years."[2] Durrani will be sentenced by U.S. District Court Judge Larry A. Burns on June 5, 2006. He faces up to 45 years in prison.[4] [*Editor's Note: In U.S. federal cases, the sentence is determined by the judge based upon the facts found by the jury or admitted by the defendant.*][8]

Sources: [1] "California: Arms Dealer Found Guilty," *New York Times* online edition, March 18, 2006, <http://www.nytimes.com>. [2] "Veteran Pakistani Arms Dealer Convicted in Plot to Illegally Export U.S. Fighter Jet Components to Middle East," News Release, U.S. Immigration and Customs Enforcement website, March 17, 2006, <http://www.ice.gov/graphics/news/newsreleases/articles/060317sandiego.htm>. [3] "International Arms Trader Linked to Californian Companies Charged with Illegally Exporting Military Aircraft Components," *International Export Control Observer*, November 2005, pp. 12-13, <http://cns.miis.edu/pubs/observer/index.htm>. [4] John Pomfret, "Iran Has Raised Efforts to Obtain U.S. Arms Illegally, Officials Say," *Washington Post*, April 17, 2006, p. A14, <http://www.washingtonpost.com> [5] "T55," Honeywell Aerospace website <http://www.honeywell.com/sites/aero/Propulsion_Engines.htm>. [6] "Model J85: Flight Trainer," General Electric Aviation website <http://www.geae.com/engines/military/j85/index.html>. [7] Peter Prengman, "Pakistani Convicted of Illegal Aircraft Part Exports in California," Associated Press, March 18, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [8] "Federal Sentencing Guidelines Revisited" National Constitution Center website <http://www.constitutioncenter.org>.

International Assistance Programs

United States and Russia Assist Tajik Border Guards

In mid-March 2006, the United States provided US$7.75 million to Tajikistan's State Committee on State Border Protection as part of U.S. assistance toward strengthening the security of the Tajik-Afghan border. These funds will be spent to build barracks for Tajik border guards, as well as customs offices, administrative buildings, and dining facilities on both sides of the bridge that is being built over the Pyanj river to connect the Afghan Sherkhan Bandar and Tajik Nizhniy Pyanj. The facilities will be designed and built under the supervision of the U.S. Army Corps of Engineers. It is expected that the construction will be completed before the opening of the bridge scheduled for mid-2007.[1]

In a separate development, on March 9, 2006, two groups of Russian border guard advisors working in Tajikistan to assist

Tajik border guards in securing the country's border began visiting Tajik border guard units deployed at the Tajik-Afghan border. The aim of their trip was to conduct ten-day training seminars with deputy heads of border guard outposts. The training seminars addressed such issues as the organization and planning of combat training, exercises, and educational work for the enlisted personnel. Since the beginning of 2006, this is the third such exercise for Russian military advisors. At present, there are 50 Russian border guard advisors deployed in Tajikistan.[2]

Sources: [1] "Pravitelstvo SShA vydelilo dopolnitelno 7,75 millionov dollarov dlya bezopasnosti na tadzhiksko-afganskoy granitse" (The U.S. Government allocated additional $7.75 million for the security of the Tajik-Afghan border), Khovar news agency, March 14, 2006, <http://www.khovar.tj>.
[2] "Tadzhikskiye pogranichniki perenimayut opyt rossiyskikh sovetnikov" (Tajik border guards adopt experience from Russian advisors), Khovar news agency, March 10, 2006, <http://www.khovar.tj>.

Kyrgyzstan to Receive Assistance from United States and China

On March 13, 2006, as reported by Kyrgyz media, U.S. officials representing the Export Control and Related Border Security Assistance program (EXBS) administered by the U.S. Department of State's Bureau of Nonproliferation met with Kyrgyzstan's Ministry on Emergency Situations (MES) officials in Bishkek, to discuss future cooperation, including the training of 10 Kyrgyz emergency responders in 2006, the supply of special radiation control and detection equipment to the MES, and the organization of joint U.S.-Kyrgyz emergency response exercises. During the meeting, Anne Cummings, who runs the Central Asia EXBS programs at the Department of State's Office of Export Control Cooperation introduced Frederick Fetti, a new EXBS program advisor assigned to Kyrgyzstan and Uzbekistan, to the Kyrgyz side.[1,2]

In a separate development, in late March 2006, a delegation of the Border Guard Troops under the National Security Service of the Kyrgyz Republic visited China at the invitation of the Chinese Ministry of Defense. During the visit, Kyrgyz border guard officials and their Chinese counterparts from the Ministry of Defense and the Border Control Department of the Ministry of Public Security, discussed the situation at the Kyrgyz-Chinese border and bilateral border security cooperation, including cooperation in preventing illegal trafficking in arms, munitions, drugs, psychotropic substances, and precursors as well as in ensuring normal operation of border crossings. They also addressed such issues as the training of Kyrgyz border guard personnel in Chinese military institutions and joint border security exercises.[3] Earlier, in December 2005, during the visit of the Chinese Ministry of Defense delegation to Kyrgyzstan, the two sides signed an agreement under which China promised to grant military equipment worth RMB3 million (approximately US$375,000) to Kyrgyzstan.[4]

Sources: [1] "Kontakty krepnut" (Contacts grow stronger), *Slovo Kyrgyzstana* online edition, No. 24 (21914), March 14, 2006, <http://www.sk.kg>.
[2] "SShA podderzhat 'chrezvychayshchikov' Kirgizii" (The United States will support Kyrgyz emergency response officials), Kyrgyz Press news agency, March 14, 2006, <http://www.kyrgpress.org.kg>. [3] N. Dzhaparova, "Pogranvoyska CNB Kyrgyzstana i silovyye vedomstva Kitaya dogovorilis o sotrudnichestve v borbe s nezakonnym oborotom oruzhiya i narkotikov" (The Border Guard Troops under the National Security Service of Kyrgyzstan and China's law enforcement agencies agreed to cooperate in the fight against illicit trafficking in arms and drugs), Kabar news agency, March 30, 2006, <http://www.kabar.kg>. [4] "Kitay v 2006 godu predostavit bezvozmezdnuyu pomoshch Pogranichnym voyskam SNB Kyrgyzstana na 3 mln.yuaney" (In 2006, China will grant RMB3 million worth of assistance to the Border Guard Troops under the National Security Service of Kyrgyzstan), Kabar news agency, December 15, 2005; in *Obshchestvennyy rating* (Public rating) online edition, <http://www.pr.kg>.

Summaries from Regional Press

Russian Chemist Accused of Divulging State Secrets

In past issues, the *International Export Control Observer* devoted attention to investigations led by the Russian Federal Security Service (FSB) against Russian scientists accused of illicitly transferring controlled technology, or know-how, to foreign entities. Past articles featured in the *Observer* include analyses of circumstances leading to the arrest of a renowned Russian physicist, Oskar Kaybyshev, and the head of the Russian space company TsNIIMASH-Export, Igor Reshetin.[1,2] This article examines another such case, involving charges against a Russian chemist.

On March 17, 2006, representatives of the Novosibirsk Oblast Prosecutor General's Office announced that the Novosibirsk branch of the Russian Federal Security Service (FSB) had launched a criminal investigation against Professor Oleg Korobeynichev, head of the kinetics of combustion processes laboratory at the Institute of Chemical Kinetics and Combustion (ICKC) of the Siberian branch of the Russian Academy of Sciences (RAS).[3,4] Professor Korobeynichev holds doctorate degrees in physics and mathematics and is known in Russia and abroad as a leading specialist in combustion. He is also an associate fellow of the American Institute of Aeronautics and Astronautics based in Reston, Virginia. Professor Korobeynichev is the author of more than 170 scientific works, including monographs, inventions, and educational manuals. He also teaches at the Department of Chemical and Biological Physics of the Novosibirsk State University.[5,6]

The 65-year-old professor is accused of violating Part 1 of Article 283 ("Divulging Information that Constitutes a State Secret") of the Criminal Code of the Russian Federation.[5] According to details of the FSB investigation that surfaced in the Russian media, Korobeynichev is accused of divulging

state secrets in the course of one of his research projects on the study of rocket propellants, which was sponsored by an unidentified party in the United States.[4,7] In this regard, Korobeynichev has recently directed two research projects studying the performance of various fuels for the U.S. Army Research Office. One was completed in August 2005, and a second, launched in October 2005, has not yet been completed.[6]

If convicted, Korobeynichev faces between four months and four years in prison and could be prohibited from working in the field where he allegedly committed the aforementioned crime for a period of up to three years. If the investigation establishes that Korobeynichev's actions led to aggravating circumstances, he could face between three and seven years in prison.[8] Although no definition of "aggravating circumstances" is given in the Russian Criminal Code, the use of this term implies that the defendant's allegedly criminal actions substantially damaged Russia's national security interests.

Korobeynichev's laboratory specializes in the studies of the structure of flames of gaseous and condensed systems, which have applications in the weapons and space industries.[8] In the past ten years Korobeynichev's laboratory at the ICKC has received international scientific grants for various research projects involving a wide range of foreign collaborators, including those with the Laurence Livermore National Laboratory (USA), Cornell University (USA), Sandia National Laboratories (USA), Catholic University of Luven (Belgium), the National Polytechnic Institute of Lorraine (France), the New Jersey Institute of Technology (USA), Cambridge University (UK), Brigham Young University (USA), and the National Institute of Standards and Technology, which is a U.S. Department of Commerce agency based in Gaithersburg, Maryland, and Boulder, Colorado.[6,7,9] During the past five years, some of the employees of Korobeynichev's laboratory in collaboration with their American counterparts from Cornell University, Sandia National Laboratories, and the National Institute of Standards and Technology have been working on research projects aimed at developing technology for the destruction and disposal of chemical weapons.[3,10]

According to some Russian analysts, Korobeynichev's predicament is due to the fact that the relevant Russian laws, including Russian Federal Law No.131-FZ "On State Secret" of October 6, 1997, contain ambiguous provisions defining espionage activities.[5] According to Semen Ulitskiy, professor of law at the Law Institute of the Far Eastern State University, Russian law distinguishes between two categories of espionage. The first type is the collection and subsequent transfer of state secrets to a foreign intelligence service. The second is vaguely defined as collecting "other information," and could theoretically include a wide array of information, such as blueprints of highways and other critical infrastructure assets, information on socio-political conditions and morale in the armed forces, and biographical data on key military figures and politicians. Some Russian analysts observe that such ambiguity contributes to the proliferation of FSB investigations targeting Russian scientists.[5]

A few of Korobeynichev's colleagues at the ICKC also speculated that Korobeynichev "could have fallen victim to the continuously changing regulations on state secrets."[4] An unnamed source in the institute stated that in 2004 the ICKC departments working on classified projects received a new 65-page FSB directive listing materials prohibited for publication. It is not clear, however, whether the FSB directive represented a list of specific publications or a list of subjects that cannot be mentioned in open source publications. The source added that one of Korobeynichev's articles was published after the ICKC received the new FSB directive, and therefore may have become subject to the newly imposed restrictions.[4]

Other Russian observers speculate that the charges against Korobeynichev, as well as similar cases pending against other Russian scientists, have been brought on by ambitious FSB investigators looking for career advancement.[7] For instance, Lev Ponomarev, leader of the All-Russia Public Movement For Human Rights, and Alexander Petrov from the Moscow office of the non-governmental organization Human Rights Watch say that Korobeynichev's case appears to be identical to other cases launched against Russian scientists after they began collaborating with foreign partners. Ponomarev and Petrov both claim that the FSB closely monitors and supervises contacts between Russian scientists and their colleagues abroad and intentionally allows Russian scientists to engage in collaborative scientific research projects with foreign partners only to charge them with espionage later, using the ambiguous definition of a state secret embedded in the relevant Russian law.[6]

Editor's Note: Section I ("General Provisions"), Article 2 ("Main Concepts Used in the Present Law") of the Federal Law "On State Secret" *defines a state secret as "state protected information in the area of its military, diplomatic, economic, intelligence, counterintelligence and law enforcement activities the dissemination of which might harm security of the Russian Federation."*[11]

Sources: [1] "Russian Scientist Charged with Selling Dual-Use Materials to South Korea," *NIS Export Control Observer*, March 2005, pp.9-10, <http://cns.miis.edu/pubs/nisexcon/index.html>. [2] "Head of Russian Space Company Arrested for Allegedly Transferring Dual-use Technologies to Chinese Entity," *International Export Control Observer*, December 2005/January 2006, pp.22-25, <http://cns.miis.edu/pubs/observer>. [3] "Uchenogo nazvali shpionom i zasekretili" (A scientist has been named a spy and has been classified), *Nezavisimaya gazeta* online edition, March 24, 2006, <http://www.ng.ru>. [4] "Another Scientist Unmasked," *Kommersant* online edition, March 24, 2006, <http://www.kommersant.com>. [5] "S chego nachinaetsya izmena Rodine? Novoe delo 'uchenogo-shpiona'" (Where does the treason of Motherland start? New case of a "spy scientist"), RIA Novosti, March 20, 2006, <http://www.rian.ru>. [6] Anatoly Medetsky, "Novosibirsk

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International Suppliers Regimes

U.S.-India Nuclear Deal Detailed; Reactions in NSG and U.S. Congress Mixed

On March 2, 2006, the governments of the United States and India announced a final understanding on plans to increase bilateral cooperation and trade in the civilian nuclear industry field. The announcement by U.S. President George W. Bush and Indian Prime Minister Manmohan Singh was, according to an official White House statement, "an historic agreement" that "addresses India's surging energy needs for its growing economy." The Bush administration has argued that this deal with New Delhi will increase the strength of the nuclear nonproliferation regime by bringing India into the "mainstream."[1,2] However, many analysts disagree with this assessment. Both non-governmental experts and members in the U.S. Congress have voiced opposition to the deal, which some see as a "cave in" to the demands by India—a de facto nuclear weapons state that has refused to sign the Treaty on the Nonproliferation of Nuclear Weapons (NPT).[3,4,5]

According to the details of the plan as put forth in a U.S. State Department fact sheet, India promised to, among other things, place under International Atomic Energy Agency (IAEA) safeguards the majority (14) of its existing power reactors and those under construction, other associated facilities that support those reactors, and all future civilian thermal power and civilian breeder reactors. [*Editor's Note: India retains the right to determine which reactors will be designated civilian and which military.*] India will also permanently shut down its CIRUS (Canadian-Indian-U.S.) research reactor in 2010; shift the fuel core of the Apsara reactor purchased from France outside the Bhabha Atomic Research Center and place it under IAEA safeguards in 2010; negotiate and sign an additional protocol agreement with the IAEA; strengthen its export controls, including adherence to the Missile Technology Control Regime (MTCR) and the Nuclear Suppliers Group (NSG); and work with Washington to conclude a multilateral Fissile Material Cutoff Treaty.[6]

Editor's Note: The CIRUS reactor, which went critical on July 10, 1960, was built with Canadian assistance, and the United States provided the initial supply of heavy water. The CIRUS is a 40 megawatt (MW) reactor that burns natural uranium fuel, using heavy water as a moderator. The reactor is capable of producing about 10 kg of weapons-grade plutonium annually. Although India pledged to not use this reactor for its military nuclear program, the CIRUS reactor provided the plutonium for India's so-called "peaceful nuclear explosion" in 1974. Canada and the United States subsequently ended all nuclear cooperation with India, including Canadian fuel shipments.[7] *Experts concerned about India's nonproliferation record also point out that the CIRUS reactor, which is not yet under IAEA safeguards, is thought to be currently contributing to the Indian nuclear weapons program.*[8]

In order for the Bush administration to move forward with the nuclear deal, it must convince the U.S. Congress to change domestic laws governing civil nuclear cooperation with other states, as well as persuade the NSG to agree to allow its members to trade controlled nuclear commodities with India. A 1978 U.S. law and a 1992 change in the NSG Guidelines ban the transfer of nuclear-specific commodities, including nuclear power reactors and fuel, to states that refuse to accept International Atomic Energy Agency (IAEA) inspections on all of their nuclear activities, an arrangement known as "full-scope safeguards." India currently has numerous facilities that are not under the IAEA inspection system. Although it will place additional facilities under IAEA monitoring pursuant to the March 2 agreement with the United States, it will keep a substantial number of its nuclear installations free of IAEA inspections and available to support India's nuclear weapons program.

As part of the Bush administration's efforts to convince NSG states to support the deal with India, the United States proposed placing this issue on the agenda for the next NSG plenary, scheduled for May 2006, in Rio de Janeiro. The proposal was made during an informal meeting of a number of NSG states, in Vienna on March 23, 2006. However, it became evident at the Vienna meeting that a number of member states were still uncomfortable with the implications of exempting India from NSG guidelines. In particular, Sweden, Norway, Ireland, and Australia have shown concern that the deal will negatively impact international nonproliferation efforts. Despite efforts by U.S. representatives, the issue of exempting India will not be included on the agenda for the May meeting.[9,10]

More recently, the Bush administration appears to have decided to await action from Congress before further pursuing

NSG consensus.[11] Moving forward with the nuclear deal will require amending Section 123 of the U.S. *Atomic Energy Act* (AEA). A draft amendment to this provision proposed by the Bush administration, and submitted to Congress on March 15, 2006, would allow the president to waive the full-scope safeguards restriction for India, if the administration was satisfied that India was meeting its obligations under the March 2 agreement and if certain implementing steps, including the signing of a safeguards agreement with the IAEA, had been completed.[12]

During Congressional hearings on the issue held April 5, 2006, Secretary of State Condoleezza Rice argued that nonproliferation policies of the past which excluded New Delhi "did not achieve their goals" of deterring India's nuclear weapons development, "contributed little to lessening regional tensions," and simply isolated India from "the standards and practices of the nuclear nonproliferation establishment." Accordingly, Secretary Rice stated that the current administration proposal to exempt India from AEA restrictions "will advance international security, enhance energy security, further environmental protection, and increase business opportunities for both our countries." Secretary Rice also noted that supporters of the deal included IAEA Director General Mohamed ElBaradei, as well as major nuclear powers such as Russia, the United Kingdom and France.[13]

Although some members of Congress still appear concerned that the exemption for India will hurt the nuclear nonproliferation regime, a number of key lawmakers—including prominent Democratic senators Joseph Biden and John Kerry—appeared to be moving closer to supporting the administration's proposal, assuming assurances can be made that safeguards agreements will be kept. However, it is still possible that Congress will add further conditions to the arrangement. Administration officials hope for a vote on the issue as early as May 2006, although Congressional leaders have suggested that no vote should be expected before July.[11,14]

Sources: [1] "United States and India: Strategic Partnership," Fact Sheet, Office of the Press Secretary, March 2, 2006, White House website, <http://www.whitehouse.gov/news/releases/2006/03/20060302-13.html>. [2] "India Civil Nuclear Cooperation: Responding to Critics," Office of the Press Secretary, March 8, 2006, White House website, <http://www.whitehouse.gov/news/releases/2006/03/20060308-3.html>. [3] "Seeing Through the Spin: 'Critics' Rebut White House on the U.S.-India Nuclear Cooperation Plan," March 9, 2006, Arms Control Association website, <http://www.armscontrol.org/pressroom/2006/20060309_India_Critics_Rebut_WH.asp>. [4] "India Nuclear Deal: Critics Say Energy Program Could Increase Nation's Arms Arsenal," *San Francisco Chronicle* online edition, March 3, 2006, <http://www.sfgate.com>. [5] Joseph Cirincione, "The US's Nuclear Cave-in," *Asia Times* online edition, March 4, 2006, <http://www.atimes.com>. [6] "U.S.-India Civil Nuclear Cooperation Initiative," Fact Sheet, Bureau of Public Affairs, U.S. Department of State website, <http://www.state.gov/documents/organization/63007.pdf>. [7] "Nuclear Facilities: Canadian-Indian Reactor, U.S. (CIRUS)," *India Profile*, Nuclear Threat Initiative (NTI) website, <http://www.nti.org/e_research/profiles/India/Nuclear/2103_2603.html>. [8] Leonard Spector, "U.S. Nuclear Cooperation with India," Testimony before the International Relations Committee of the U.S. House of Representatives, October 26, 2005, <http://www.cns.miis.edu/research/congress/testim/spe102605.pdf>. [9] "Nuclear Exporters Delay Review of U.S.-Indian Deal," Global Security Newswire, March 24, 2006, NTI website, <http://www.nti.org/d_newswire/issues/2006_3_24.html>. [10] Guy Dinmore, "Doubts Raised on US-India N-deal," *Financial Times*, March 28, 2006; in Lexis Nexis Academic Universe, <http://www.lexis-nexis.com>. [11] Glenn Kessler, "Rice Appeals for Nuclear Deal for India," *Washington Post* online edition, April 6, 2006, p. A24, <http://www.washingtonpost.com>. [12] "S. 2429: To authorize the President to waive the application of certain requirements under the Atomic Energy Act of 1954 with respect to India," March 16 (legislative day, March 15), 2006; Introduced by Senator Richard Lugar (for himself and senators Allen, Stevens, Cornyn, Crapo and Hutchison), U.S. Senator for Indiana Richard G. Lugar (R) website, <http://lugar.senate.gov/reports/India_Lugar_Bill.pdf>. [13] Condoleezza Rice, "The U.S.-India Civilian Nuclear Cooperation Agreement," Opening Remarks Before the Senate Foreign Relations Committee, April 5, 2006, U.S. Department of State website, <http://www.state.gov/secretary/rm/2006/64136.htm>. [14] Steven R. Weisman, "Rice Seeks Backing for Nuclear Deal for India," *New York Times* online edition, April 6, 2006, <http://www.nytimes.com>.

China and Pakistan Agree to More Nuclear Cooperation; NSG Exemption Needed but Unlikely

Recent reports from the government of Pakistan indicate that Beijing and Islamabad hope to expand their civilian nuclear cooperation beyond their current on-going contracts. Under the guidelines of the Nuclear Suppliers Group (NSG)—which China joined in May 2004—member states must refrain from trading in nuclear-related exports with non-NSG states, such as Pakistan, that have not agreed to place all of their nuclear facilities under IAEA safeguards, an arrangement known as "full-scope safeguards." While Pakistan's civilian facilities are under IAEA safeguards, Pakistan's military facilities are not. The current level of civil nuclear cooperation between China and Pakistan is permissible under the NSG guidelines since member states are allowed to complete contracts and agreements existing at the time of the member's entry into the group under a waiver known as the "grandfather clause." However, for China to increase its civil nuclear trade with Pakistan—not a signatory to the Treaty on the Nonproliferation of Nuclear Weapons (NPT) nor an NSG member—the NSG would need to exempt Pakistan from the full-scope safeguards rule.

Reports of the possible expansion of Chinese nuclear exports to Pakistan came on the heels of the U.S.-India nuclear trade agreement, first announced on July 18, 2005, and finalized on March 2, 2006. Under this agreement the United States would lift its embargo on civil nuclear cooperation with India and seek a change in the rules of the NSG to allow nuclear trade with New Delhi. Such trade is now prohibited for the same reason that nuclear commerce with Pakistan is banned, namely India's refusal to place all of its nuclear facilities under IAEA safeguards. The U.S. initiative has been met with caution at the NSG, and the group is thought unlikely to act on the proposal at its annual plenary meeting in May 2006. [*Editor's*

Note: See previous story in this section - "U.S.-India Nuclear Deal Detailed; Reactions in NSG and U.S. Congress Mixed."]

According to Pakistani government officials, during a visit by Pakistan's President Pervez Musharraf to China in late February 2006, China agreed in principle to supply Pakistan with two 325-megawatt (MW) nuclear power plants. Officials in Islamabad also asserted that China would consider additional sales if the NSG exempted Pakistan from regime-related trade restrictions.[1,2] Beijing has not released a statement on the reported deal and no other details of the proposed sale have been made public. However, in a joint statement issued at the end of President Musharraf's visit, both countries promised to "enhance cooperation in the peaceful use of nuclear energy."[3]

Since the 1980s, China and Pakistan have cooperated on various nuclear projects and Beijing is known to have assisted Pakistan with its nuclear weapons development.[4] Although China's involvement in Pakistan's nuclear weapons program reportedly ended in the late 1990s, cooperation between the two countries in the civilian nuclear sector has continued. Most notably, China helped build Pakistan's 330-MW Chashma nuclear power plant and agreed in May 2004, just before joining the NSG, to build a second 300-MW plant at the same location. The new agreements being discussed by Pakistan and China do not appear to be directly related to Chashma or other on-going Chinese-Pakistani contracts, and therefore would not be allowed under current NSG guidelines without an exemption from the "full-scope safeguards" rule. During the last few months, Pakistan and China have been urging NSG members to consider such an exemption for Pakistan. However, there appears to be little enthusiasm within the NSG to grant this special status to Islamabad.[1,5,6]

In a related development, a delegation from the NSG reportedly visited Pakistan during the week of March 20, 2006. According to one media report, a two-person delegation from the NSG met with Foreign Secretary Riaz Mohammad Khan and other Pakistani officials to discuss Pakistan's export control legislation. Pakistan reportedly voiced its concern about the "discriminatory treatment" given to Pakistan's civilian nuclear program by nuclear supplier nations. Islamabad has argued that if the NSG amends its rules to permit nuclear commerce with India, which, like Pakistan, has refused to accept full-scope safeguards, then it should also permit such trade with Pakistan on the same basis.[7,8]

Editor's Note: Although U.S. negotiators have been pressing for an NSG exemption from the full-scope safeguards rule for India, recent informal discussions between member states ahead of the upcoming NSG plenary in May 2006 suggest that the issues stemming from the U.S.-India deal will not be resolved in the near future. While the United States argues that an exemption from the current U.S. and NSG nuclear trade embargoes is appropriate for India, which it deems to be a "responsible" nuclear power, the United States has opposed a similar change of status for Pakistan, in part because of the activities of Pakistani nuclear scientist A.Q, Khan, who for nearly two decades ran a clandestine smuggling network that sold Pakistani uranium enrichment and nuclear weapons design technology to Libya, Iran, and North Korea. The U.S.-India agreement must also gain approval in the U.S. Congress, which must amend U.S. laws governing civil nuclear cooperation before the deal can be implemented.

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Embargo and Sanction Regimes

United States, China Voice Opposing Views on Export Controls, Trade Deficit

In testimony before the U.S.-China Economic and Security Review Commission (commonly referred to as the U.S.-China Commission) on March 16-17, 2006, U.S. government officials and members of the private sector offered their assessments of current U.S. export controls on goods flowing to China, as well as on multilateral export control efforts, in general.[1] The hearing occurred one week after China's foreign minister renewed his nation's oft-repeated call for the United States—ostensibly to improve the bilateral trade imbalance—to liberalize export controls on high-technology goods to China.[2]

In a press conference on March 8, 2006, Chinese Foreign Minister Li Zhaoxing described the issues behind the current U.S.-China trade deficit as "very complicated." Most notably, Foreign Minister Li stated that aside from a few items like airplanes from Boeing, U.S. exporters are primarily only able to sell items such as "soybeans, cotton and the wines from California and the citrus from Florida" to China. For products that "cost a lot more" U.S. companies are often unable to sell to China due to high-technology and dual-use related export controls. Stating that it is very difficult to distinguish between

civilian and military purposes, Li called on the United States to "relax its restrictions with regard to technology exports to China."[2] China's ambassador to the United States, Zhou Wenzhong, made a similar point in a published interview, noting that U.S. products accounted for only 9 percent of China's total high-tech imports in 2005.[3]

Zhao Xingshu, a researcher at the American Studies Institute of the Chinese Academy of Social Sciences, summed up the Chinese position on U.S. high-technology export controls and their effect on the U.S.-China trade deficit by stating that "China needs a lot of advanced technologies and equipment to power its modernization drive" and if "the U.S. government relaxes or even abandons the discriminative export policy towards China … the U.S. trade deficit with China will be narrowed effectively."[4]

Testifying before the U.S.-China Commission, acting Principal Deputy Assistant Secretary of State for Counterproliferation Francis C. Record challenged that assessment. He stated that in 2005, out of a total export figure to China of US$38 billion, only US$2.5 billion worth of exports required export licensing. Record further noted that during the first eight months of 2005, only US$10.7 million worth of goods were denied licenses, stating "there is in fact no basis to Beijing's claims that we could significantly reduce our trade deficit overnight by simply liberalizing our controls on sensitive items."[5] According to Beth M. McCormick, Deputy Undersecretary of Defense for Technology Security Policy, the U.S. Defense Technology Security Administration (DTSA) receives on average over 1,000 export applications annually for various items on the U.S. Commerce Control List to be transferred to China. [*Editor's Note: The DTSA reviews sensitive munitions and dual-use applications on behalf of the Department of Defense for cases that are referred from the departments of State and Commerce in accordance with the provisions of the* International Traffic in Arms Regulations *(ITAR) and the* Export Administration Regulations *(EAR).*] She stated that approximately 70 percent of these cases are approved, while the remaining 30 percent are denied or returned without action.[6]

McCormick also noted that the DTSA is working together with the departments of Commerce and State to "finalize language for the implementation of a 'military catch-all' regulation for China." Stating that the new regulations will "clarify [U.S.] national policy to limit exports for military end-uses in China," she noted that the Department of Defense is "pressing for implementation this year."[6] Daryl Jackson, Assistant Secretary of Commerce for Export Enforcement, said that he did not "anticipate having a draft rule [on the military catch-all] ready for public comment before late spring."[7]

U.S. Congressmen Michael B. Enzi and Donald Manzullo, who also testified before the commission, focused on the need for international coordination. Senator Enzi (R-WY) stated that the United States must "work with our allies in the protection of our homeland," continuing that "[m]ultilateral export control regimes play a vital role in our efforts to control the exports of sensitive dual-use goods and technology." He also noted that "the United States must take a leadership role in encouraging other nations to develop comprehensive export control regimes."[8] Representative Manzullo (R-IL) echoed that sentiment, testifying that "unilateral export controls do not work. Export controls cannot be an exercise in academics or a misguided attempt at establishing 'world leadership' when no one else will follow them or will simply use them to gain competitive advantage for commodity technologies."[9] Enzi also expressed his concern that "without reauthorization of [the] *Export Administration Act*… we jeopardize our capability to control dangerous dual-use items as well as our ability to work with the international community to deter acts of terrorism and the proliferation of weapons of mass destruction."[8] [*Editor's Note: The* Export Administration Act *(EAA) originally expired in 1989. Since then the U.S. Congress has been unable to pass legislation to replace or permanently reauthorize the* Act*. As a result, the Executive Branch has used a series of ad hoc measures to extend the application of the* Act *for short periods of time*.]

Members of the private sector also presented their views on current export control efforts vis-à-vis China. Edmund Rice, President of the Coalition of Employment Through Exports, Inc., testified that "export controls are a tool to carry out U.S. foreign policy and security policy, but they are not a policy themselves." Focusing on unilateral nature of current U.S. export controls towards China, Mr. Rice concluded by stating that "U.S. controls have virtually no effect in restricting dual-use technology transfer to China, including U.S.-origin items. As a result, dual-use export controls cannot be relied upon as a tool for carrying out U.S. policy goals with respect to China."[10]

Commenting on the proposed "military catch-all" regulation, Jay Markey, President of NABCO, Inc., stated that "all manufacturing sectors" in the United States will be negatively affected if the regulation is adopted. Arguing that "foreign trading partners will be required to implement U.S. export controls when they trade U.S. origin goods with China… these foreign trading partners will not want to be restricted by U.S. export controls, nor absorb the associated costs. Instead, they will design out U.S. product."[11]

Testifying as a former government official, Christopher Hankin described the "military catch-all" regulation as "problematic," due to the fact that the "military in China can be involved in a very wide variety of activities," as well as "the fact that our allies do not intend to impose similar catch-

all controls on end users in China." He further made the point that the imposition of such regulations "hands the Chinese government an easy talking point to use against the U.S. government in the very important negotiations over Chinese barriers to U.S. high tech exports."[12]

Responding to concerns that U.S. allies will not follow Washington's lead on export controls, John Tkacik, Jr., a senior research fellow at the Heritage Foundation, argued that by coordinating U.S. export restrictions with Japan and South Korea—two nations that view China's rise with suspicion—"there is a very real opportunity for the United States… through [Japan and South Korea], to exert our influence on European suppliers to follow suit."[13]

Sources: [1] U.S.-China Economic and Security Review Commission (also referred to as the U.S.-China Commission), "Hearing on China's Military Modernization and U.S. Export Controls," March 16-17, 2006, <http://www.uscc.gov/hearings/2006hearings/ hr06_03_16_17.php>. [2] "Li Zhaoxing at the Press Conference (Full Text)," Ministry of Foreign Affairs of the People's Republic of China website, March 8, 2006, <http://www.fmprc.gov.cn/eng/zxxx/t242431.htm>. [3] Zhu Xingfu, "Zhou Wenzhong and James Sasser Discuss Sino-US Trade Imbalance, and China and the United States Cannot Resolve the Issue of Trade Deficits by Restricting Bilateral Trade," *Wen Hui Bao*, March 26, 2006; in FBIS Document CPP20060327050003. [4] "RMRB Article Says US Export Controls: A Miscalculation," *Beijing Renmin Ribao*, January 17, 2006; in FBIS Document CPP20060118501003. [5] Francis C. Record, Testimony before the U.S.-China Commission, March 17, 2006, <http://www.uscc.gov/hearings/2006hearings/hr06_03_16_17.php>. [6] Beth M. McCormick, Testimony before the U.S.-China Commission, March 17, 2006, <http://www.uscc.gov/hearings/2006hearings/hr06_03_16_17.php>. [7] Daryl W. Jackson, Testimony before the U.S.-China Commission, March 17, 2006, <http://www.uscc.gov/hearings/2006hearings/hr06_03_16_17.php>. [8] Michael B. Enzi, Testimony before the U.S.-China Commission, March 17, 2006, <http://www.uscc.gov/hearings/2006hearings/hr06_03_16_17.php>. [9] Donald A. Manzullo, Testimony before the U.S.-China Commission, March 16, 2006, <http://www.uscc.gov/hearings/2006hearings/ hr06_03_16_17.php>. [10] Edmund Rice, Testimony before the U.S.-China Commission, March 17, 2006, <http://www.uscc.gov/hearings/2006hearings/ hr06_03_16_17.php>. [11] Jay Markey, Testimony before the U.S.-China Commission, March 17, 2006, <http://www.uscc.gov/hearings/2006hearings/ hr06_03_16_17.php>. [12] Christopher Hankin, Testimony before the U.S.-China Commission, March 17, 2006, <http://www.uscc.gov/hearings/ 2006hearings/hr06_03_16_17.php>. [13] John J. Tkacik, Jr., Testimony before the U.S.-China Commission, March 17, 2006, <http://www.uscc.gov/hearings/2006hearings/hr06_03_16_17.php>.

Swiss Firm Sanctioned by U.S. Government for Assisting North Korea

On March 30, 2006, the U.S. Department of Treasury announced it had frozen the U.S. assets of the Swiss trading company Kohas AG, and that of the company's president, Jakob Steiger. The action was taken pursuant to U.S. Executive Order 13382, which targets entities suspected of aiding the proliferation of weapons of mass destruction (WMD) to North Korea, Iran and Syria. The U.S. government alleges that Kohas AG and Steiger assisted North Korea in its efforts to develop WMD.[1,2,3] In addition to freezing any assets in the United States belonging to Kohas AG and Steiger, the Treasury Department's action also forbids U.S. entities from doing business with them.[1]

The U.S. Treasury Department also alleged that roughly half of Kohas AG's shares are owned by the North Korean firm Korea Ryongwang Trading Corporation, a subsidiary of Korea Ryonbong General Corporation.[1] Korea Ryonbong General Corporation and Korea Ryongwang Trading Corporation were sanctioned by the Treasury Department in June 2005 and October 2005, respectively, for engaging in proliferation-related activities.[5,6]

In response to the U.S. sanctions, Othmar Wyss, head of the Office of Export Controls and Sanctions under the Swiss State Secretariat for Economic Affairs, said there was no evidence that Steiger or the company had violated Swiss export controls, and neither would be investigated.[3,7,8] Steiger reportedly denied the U.S. government's accusations, explaining that his firm did not export items to North Korea, although it had been importing North Korean products since 1987.[3] Steiger further claimed that his company produces metal shelves and cabinets for home electronics equipments. The Swiss Federal Commercial Registry list generally describes Kohas AG as a firm dealing in the "trade, marketing, import and export of technical products of all kinds."[9]

Editor's Note: For more on Executive Order 13382 and U.S. sanctions on North Korean companies, see "2005 Sees U.S. Sanctioning DPRK Companies as Nuclear Talks Make Slow Progress," International Export Control Observer, *December 2005/January 2006, pp. 31-32, <http://cns.miis.edu/pubs/observer/index.htm>.*

Sources: [1] "Swiss Company, Individual Designated by Treasury for Supporting North Korean WMD Proliferation," Department of Treasury Press Release No. JS-4144, March 30, 2006, <http://www.ustreas.gov/press/releases/js4144.htm>. [2] Jeanine Aversa, "U.S. Freezes Assets of Swiss Company Tied to North Korea," Associated Press, March 30, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [3] "Swiss Entities Named as Supporter of N.K. WMD Proliferation," Yonhap News Agency, March 30, 2006; in OSC Document KPP20060330971311. [4] "U.S. Fingers Swiss Firm for North Korean Ties," swissinfo/Swiss Radio International (enterprise of the Swiss Broadcasting Corporation), March 31, 2006, <http://www.swissinfo.org>. [5] "Executive Order 13382 - Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters," *Presidential Documents*, Federal Register, July 1, 2005, Vol. 70, No. 126, <http://www.ustreas.gov/offices/enforcement/ofac/legal/eo/whwmdeo.pdf>. [6] "Treasury Targets North Korean Entities for Supporting WMD Proliferation," Department of Treasury Press Release No. JS-2984, October 21, 2005, <http://www.ustreas.gov/press/releases/js2984.htm>. [7] "Swiss Firm Rejects U.S. Charge of Military Exports to North Korea," Agence France Presse, March 31, 2006; in OSC Document EUP20060331102008. [8] "U.S. Punishes Swiss Company for Ties with DPRK," Xinhua News Agency, March 31, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [9] Entry for Kohas AG in the "Central Business Names Index," ZEFIX—Federal Commercial Registry Office (Switzerland) website, <http://zefix.admin.ch/english.htm>.

International Developments

Slovak Government Report on Arms Sales Raises Questions about Possible Violations of EU China Arms Embargo

On February 14, 2006, the Ministry of Economy of the Slovak Republic released the "First Annual Report on Military Material Trade in 2004," describing for the first time in detail Slovakia's exports of military equipment.[1] According to the Slovak legislation—Act No. 318/2005, which went into effect on August 1, 2005, and which complements Act No. 179/1998 *Collection of Laws on Trading in Military Material* and Act No.455/1991 *Collection of Laws on Licensed Trade*—the Slovak government is required to publish annual reports on arms trade activities.[2,3] However, the issuance of the report for 2004 was optional and the Slovak government released it voluntarily in a gesture of goodwill and transparency vis-à-vis the international community.[1,4,5] It is expected that the Economy Ministry will release a report for 2005 before the end of April 2006.[5]

Following the release of the 2004 report, on February 16, 2006, the Slovak office of the international non-governmental organization Amnesty International, which for years has been critical of Slovakia's arms trade policies, issued a statement criticizing the Slovak government for allegedly selling unspecified military equipment to China in contravention of the European Union's (EU) ban on arms sales to that country.[1,6] [*Editor's Note: The EU imposed a comprehensive arms embargo on China after China's suppression of pro-democracy demonstrations in Tiananmen Square, in 1989. Adopted by the European Council on June 27, 1989, the EU embargo on arms exports to China took the form of a European Union Declaration. Although its scope is not clearly defined, EU members, "in assessing applications for licenses to export military items not covered by the embargo," are expected to "consider whether the export in question would be appropriate on the basis of criteria laid down in the EU Code of Conduct on Arms Exports."*][7] Amnesty International's claim is based on the inconsistencies it identified among different sections of the 2004 arms trade report, as well as discrepancies between this report and Slovakia's annual submission to the United Nations Register of Conventional Arms.

Annex 2 of the 2004 arms trade report, for example, shows that the Economy Ministry approved sales of unidentified military equipment to China worth 85 million Slovak Koruna (SKK) (US$2.24 million).[2] This annex lists the aggregate monetary values of exports to each of the listed countries, but it does not provide details about what type of military equipment was exported. On the other hand, Annex 1 of the 2004 arms sales report lists the number of licenses granted for each end-user country, but does not include China as a recipient of Slovak arms exports.[2,5] This omission in Annex 1 is never explained in the report.

Furthermore, Amnesty International draws attention to Slovakia's 2004 national report submitted to the UN Register of Conventional Arms on May 31, 2005, in which the Slovak government does not make any mention of arms sales to China. However, Slovakia's national report to the UN includes the sale of 1,000 122 mm JROF rockets to Uganda, which is omitted in the 2004 arms trade report issued by the Economy Ministry.[2,4,5][*Editor's Note: 122 mm JROF rocket (comparable American military designation BM-21; comparable Russian military designation GRAD or "Hail") is a rocket with a range of between 1.6 km and 20.7 km. Each rocket weighs about 67.6 kg and is launched from a 40-tube, 122 mm multiple rocket launcher, which is usually mounted on the undercarriage (chassis) of a heavy truck or another specifically modified vehicle. JROF rockets can be equipped with different types of warheads, including high explosive fragmentation (HEF) and incendiary. This category of rockets is designed to destroy the enemy's firing positions, combat forces, motorized infantry, and tank units.*]

Editor's Note: The UN Register of Conventional Arms was established in 1992, in the wake of the 1991 Persian Gulf War, to bring transparency to the global arms market by calling upon countries to provide information on imports and exports of seven types of weapons, including tanks, armored combat vehicles, large caliber artillery, combat aircraft, attack helicopters, warships, and missiles and missile launchers. The overarching objective of this voluntary endeavor is to make arms sellers aware of the total amount of arms a potential purchaser is accumulating in the hope that sellers will exercise greater restraint in brokering arms deals that might permit the accumulation of arsenals whose scale could destabilize international security. As of early March 2006, 115 countries had submitted their reports for 2004, although only 12 countries have so far submitted their reports for 2005.

Amnesty International's Slovak office director Ingrid Kralova stated that if the military equipment exported to China included weapons, then Slovakia violated the EU embargo on arms sales to China. On this basis, Kralova criticized the Slovak Foreign Ministry for not blocking the issuance of license for arms sales to China.[1] In addition, Sonia Rai, the advocacy and policy officer from the British non-governmental organization Saferworld, commented on Slovakia's armament sales to Uganda, stating: "Given the current international concerns over human rights in Uganda, it is difficult to see how such a transfer would be consistent with the criteria of the EU Code of Conduct on Arms Exports."[4]

On April 11, 2006, the Economy Ministry responded to Amnesty International's written inquiry regarding military

sales to China pursuant to the Act on Free Access to Information and Amendments of Certain Acts (The Freedom of Information Act), which was approved by the National Council of the Slovak Republic on May 17, 2000 and went into force on January 1, 2001.[8,9,10] According to Kralova, in its response the Economy Ministry stated that Slovakia's military exports to China in 2004 consisted of two DV-2X turbofan aircraft engines and one showcase model (dummy) of a DV-2X aircraft engine. This disclosure was accompanied by an internal Economy Ministry note explaining that the export of the aforementioned articles was approved.[8] As the UN Register covers only the export of complete systems, the Slovak government may have been justified in not mentioning this sale on its national submission.[11] However, the sale of the aforementioned turbofan aircraft engines appears incompatible with the obligations of the Slovak government, as an EU member, in the context of both the EU China arms embargo as well as the EU Code of Conduct on Arms Exports. It should be noted that other EU members have violated the China arms embargo in the past. For instance, in 2005 Washington criticized London for allowing Rolls-Royce to sell Spey jet engines to Beijing for the Chinese navy's Xian JH-7 fighter-bomber.[12]

Amnesty International's other query related to the rocket sales to Uganda elicited responses from the Economy Ministry and Ministry of Foreign Affairs in which it was stated that only the participants in that business transaction were eligible to have access to the requested information.[8]

Other unrelated events have raised additional questions about the Economy Ministry's ability to properly supervise arms exports. For example, the firm Verus (located in the town of Snina, eastern Slovakia), was listed as one of the 22 Slovak firms that had received authorizations to conduct trade in military goods from the Economy Ministry in 2004.[4] Yet, since late 2004, the owner of Verus, identified only as Asot M., who is originally from Azerbaijan and has been living in Slovakia since the mid-1990s, has been in pretrial custody on allegations that he defrauded the state of over SKK600 million (US$15.8 million) in unpaid taxes.[4] [*Editor's Note: The Slovak military trade report lists 22 Slovak companies that received arms trade authorizations in 2004 from the Economy Ministry. However, the report does not specify the type of military equipment sold by these companies nor the equipment's end-user destination. The report does not define terms such as "authorization" or "permit" either.*][2] In 2005, Asot M. was also accused of ordering the 2002 murder of a local businessman.[4]

According to a senior police source interviewed by the Slovakia's English-language newspaper *Slovak Spectator*, the Interior Ministry had rejected an arms trade permit application submitted by Verus in April 2004.[4]. It is not clear why the trade permit for Verus was granted despite Interior Ministry's objections. Economy Ministry representative Babuska defended his ministry's action by explaining that the Interior Ministry's objections were received after the required 30 days. According to Asot M.'s lawyer, Mr. Vladimir Mitro, his client first received the arms trade authorization in 2001, but the authorization is no longer valid.[4] In a bizarre twist of circumstances, Mr. Mitro is the former head of Slovak Intelligence Service (SIS). [*Editor's Note: Vladimir Mitro was the SIS head from 1993 to 1995 and then from 1998 to 2003.*] The Interior Ministry is currently investigating how an arms trade permit was issued to Verus.[4]

Editor's Note: Slovakia was described as a hub of illegal arms trade in annual reports prepared for the Slovak government by the SIS. At the same time the British publication Jane's Intelligence Digest *has asserted that under Mr. Mitro's watch, the SIS was actively involved in the illegal arms trade.*[4,13]

The Slovak Ministry of Economy is the only government institution that can grant "official authorizations for the development, production, processing, consumption, storage, possession, export, import, transit, purchase and sale" of controlled goods and technologies to domestic entities. Once granted, such an authorization incorporates "authorization to trade in military matériel, license to import military matériel, license to export military matériel, license for inter-Community (EU) transport of military matériel, and authorization to transit military matériel within the state territory of the Slovak Republic." A Slovak business entity interested in obtaining an arms trade authorization files a relevant application with the Economy Ministry. In addition to the application, however, it is also required by law to file a Certificate on Entrepreneur Industrial Security, which is issued by the National Security Authority. The National Security Authority issues such certificates to Slovak business entities after it verifies that they are economically stable, have reliable security systems in place, and are capable of ensuring the protection of classified information. After the application is filed, it is vetted through an interagency examination process carried out by the Interior, Defense, and Foreign Affairs ministries, and the National Security Authority. The law requires that these government agencies respond to a permit within 30 days. Each of these government agencies must either approve an application or present a justification for its refusal. The Economy Ministry is bound to follow the decisions of the other agencies; therefore only complete consensus allows the Economy Ministry to issue an arms trade authorization. If there is any opposition to a particular application, the Economy Ministry is obligated to reject it. Once Slovak exporters receive an arms trade authorization, they are still required to apply for a license for the "import, export or inter-community [EU] transport of military matériel in the course of execution of each business transaction."[2,4]

Sources: [1] "Slovakia Possibly Violated Arms Embargo Against China – AI," CTK Czech News Agency, February 16, 2006; in Lexis-Nexis Academic

Universe Database, <http://www.lexis-nexis.com>. [2] Ministry of the Economy of the Slovak Republic, *First Annual Report on Military Material Trade in 2004*; Ministry of the Economy website, <http://www.economy.gov.sk/files/licencie/MilitaryMaterialTrade2004.doc>. [3] CNS e-mail communication with Ingrid Kralova, director of the Amnesty International office in Slovakia, March 30, 2006. [4] Tom Nicholson, "Murder Suspect Held Official Arms Trade Permit," *Slovak Spectator* (Slovakia's English-language daily), February 24, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [5] CNS e-mail communication with Ingrid Kralova, director of the Amnesty International office in Slovakia, March 2, 2006. [6] "Slovak Arms Export Report Stirs Controversy," Deutsche Press-Agentur, February 27, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [7] "EU Fact Sheet on EU Arms & Dual Use Exports Policy & Chinese Arms Embargo," February 2005, European Union Sanctions Applied to Non-Member States, Delegation of the European Commission to the United States website, <http://www.eurunion.org/News/press/2005/china.pdf>. [8] CNS e-mail communication with Ingrid Kralova, director of the Amnesty International office in Slovakia, April 21, 2006. [9] Slovakia Country Page, Freedominfo.org [the online network of freedom of information advocates], <http://www.freedominfo.org/countries/slovakia.htm#2>. [10] Act on Free Access to Information and Amendments of Certain Acts (The Freedom of Information Act), The National Council of the Slovak Republic, Approved on May 17, 2000, Enacted on January 1, 2001; Online Project "Information For Citizens," <http://www.info211.sk/zakon_en.php>. [11] CNS phone conversation with Mr. Nazir Kamal, Department for Disarmament Affairs, United Nations, April 24, 2006. [12] Michael Sheridan, "China's War Talk On Taiwan Heightens British Arms Feud," The Sunday Times (on-line edition), March 6, 2005, <http://www.timesonline.co.uk/article/0,,2089-1512653,00.html. [13] Beata Balogova, "Slovakia Sells Most Arms to Poland, Cyprus and Algeria," *Slovak Spectator* online edition, February 17, 2006, <http://www.slovakspectator.sk>.

United States and Israel Discuss Defense Export Controls

During the week of March 6, 2006, U.S. Undersecretary of Commerce for Industry and Security David H. McCormick met with senior Israeli officials to review Israeli exports of arms and defense products, including dual-use products and technology. In attendance were Foreign Defense Assistance and Defense Export Organization (SIBAT) Director General Yosi Ben-Hanan, Ministry of Industry, Trade and Labor Director General Raanan Dinur, and the heads of high-tech and arms exporting firms.[1] According to McCormick, his talks in Israel were part of "an ongoing process for developing export controls that not only focus on defense products, but also on dual-use products."[2]

The United States has been concerned in the past with Israel's weapons sales, particularly with respect to transfers to China. In June 2005, under intense U.S. pressure, the Israeli government cancelled a deal with China to refit the Harpy Killer unmanned drone—originally sold to China in 1994. Despite Israel's cancellation of the deal, Washington has kept in place a number of sanctions against Israel, requiring as an initial measure that Tel Aviv take steps to increase its vigilance with regard to the export of military-related items. The restrictions placed on Israel after the Harpy Killer controversy include the suspension of Israel's participation in the F-35 Joint Strike Fighter Project. The U.S. Department of Defense has also suspended all bilateral contact with high level defense officials from Israel.[3,4] After intense negotiations, Israel and the United States signed a Memorandum of Understanding (MoU) in August 2005 on Israeli arms exports to sensitive markets, which is meant to pave the way for the removal Washington's restrictions. In connection with the MoU, Israel's Defense Ministry announced on February 27, 2006, plans to open an export control department, which will consult with the Foreign Ministry to monitor and prevent the sale of weaponry to countries that raise concern in Washington.[4,5]

McCormick's visit is part of this on-going effort to rebuild bilateral defense relations. During his visit, McCormick noted that the United States would provide assistance to Israel in implementing domestic export controls and send U.S. experts to Israel in order to assist Tel Aviv in developing regulations that prevent products from getting into the wrong hands, including terrorist groups.[2] McCormick stated that "Israel is only at the preliminary stages of implementing controls. At present, it has a well-defined plan and strong commitment, which it is starting to implement."[2] [*Editor's Note: While McCormick's statement gives the impression that Israel has merely a nascent export control system, it should be noted that according to a 2001 report issued by the Center for International Trade and Security at the University of Georgia, Tel Aviv has "a relatively comprehensive system of defense export controls." However the report did note concerns that Israeli entities had previously re-exported U.S.-origin items without proper licensing.*][6]

In spite of the negotiations with Washington, Israeli companies plan to resume the export of military hardware to China. However, the director of the Israeli Defense Ministry, Yaakov Toren, has stated that military exports to Beijing will not take place without approval from Washington.[6]

Sources: [1] Hadas Manor, "Israel and US to Review Arms Export Controls," *Financial Times*, March 8, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [2] Hadas Manor, "U.S. Official Long Way to Go on Arms Export Controls," *Financial Times*, March 12, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [3] "U.S. Demands Answers from Israel over China Arms Sales: Report," Agence France Presse, June 12, 2005; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [4] Ran Dagoni, "U.S., Israel Sign MOU on Arms Exports to Sensitive Markets," Globes Online, August 17, 2005; in Lexis-Nexis Academic Universe, http://www.lexis-nexis.com. [5] "Israel Tightens Arms Export Controls after U.S. Spat," Reuters (Jerusalem), February 27, 2006, <http://www.defensenews.com>. [6] Center for International Trade and Security, "Nonproliferation Export Controls: A Global Evaluation, 2001," CITS website, http://www.uga.edu/cits/documents/html/nat_eval_execsumm.htm>. [7] "Israel Again Authorizes Military Exports to China," Agence France Presse, March 2, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>.

Maritime Security Round-up

Proliferation Security Initiative Update: Australia Hosts Air Interdiction Exercise; Thailand Attends PSI Meeting

PSI Exercise in Australia

On April 6, 2006, Australia hosted a one-day Proliferation Security Initiative (PSI) military exercise. [*Editor's Note: PSI was announced by the Bush administration in May 2003 and is designed to interdict illicit shipments of WMD-related materials and missile-related equipment and technology while in transit. The PSI is a multinational partnership of states working together to stop the shipment of WMD- and missile-related technologies via air, land, and sea. According to U.S. government estimates, over 70 countries have expressed support for PSI and the initiative's Statement of Interdiction Principles.*] As part of the operation, entitled "Exercise Pacific Protector 06," officials from Australia, Britain, Japan, New Zealand, Singapore, and the United States carried out a mock air interception of a Boeing 757 suspected of carrying WMD-related materials and then simulated a screening of the aircraft, passengers, and cargo.[1] During the exercise, two Royal Australia Air Force F/A-18 aircraft intercepted a New Zealand Air Force Boeing 757. Once the 757 was grounded at the Royal Australian Air Force Base at Darwin, customs personnel from Australia and Japan oversaw the deplaning of the flight crew and passengers, while response teams from Singapore, Australia, and the United Kingdom searched the plane and isolated the illicit cargo. This was the first air-interdiction PSI exercise to take place in the Asia Pacific region.[2]

Representatives from 26 other countries attended the exercise as observers, but Indonesia was conspicuously absent. Before the exercise in Australia, U.S. Secretary of State Condoleezza Rice met with Indonesian Foreign Minister Hassan Wirajuda, in Jakarta, on March 14-15, 2006, and invited Indonesia both to observe and participate in future PSI activities. However, Indonesian officials continue to question the legality of PSI under the International Convention on the Law of the Sea and worry that participation in PSI activities would infringe on Indonesian sovereignty.[3] Australian Minister for Defense Brendan Nelson stated that the Australian government respected the Indonesian government's decision not to participate, but hoped they would reconsider in the future. He also expressed his desire that the Royal Australian Navy and the Indonesian Navy would be able to conduct joint patrols in the near future.[4]

Thailand Attends PSI Meeting

On February 28, 2006, in Sydney, Australia, a Thai delegation attended a formal meeting of PSI participants for the first time. Although Thailand has not yet signed the PSI Statement of Interdiction Principles, Bangkok appears to be ready to cooperate with PSI participating countries. Thailand's potential participation in PSI is important considering the country's role as a transshipment point for materials destined for North Korea. During the past three years, Thailand was a transshipment point in four known attempts to ship banned technology and materials to North Korea, including a 2002 shipment of electric current stabilizers from Japan, and two shipments in 2003 and 2004 of the nerve agent precursor sodium cyanide from South Korea and Japan. Thailand previously had sent observers to the PSI Deep Sabre exercise hosted by Singapore in August 2005.[5]

Sources: [1] "Japan Prepares for Darwin Anti-Terror Drill," Australian Broadcasting Corporation website, March 29, 2006, <http://www.abc.net.au>. [2] "Exercise Pacific Protector 06," Australian Department of Defence website, April 6, 2006, <http://www.defence.gov.au/PSI/images/gallery/expp06/20060406/index.htm>. [3] "RI Declines to Join Proliferation Security Initiative," ANTARA News (Indonesian News Agency), March 17, 2006, <http://www.antara.co.id>. [4] Brendan Nelson, "Discussion of the Proliferation Security Initiative," Transcript of Press Conference at Australian Parliament House, Northern Territory, April 6, 2006, Australian Minister for Defence website, <http://www.minister.defence.gov.au/NelsonMinTranscripttpl.cfm?CurrentId=5528>. [5] "Editorial Stresses Need to Unmask Weapon, Missile Smuggler," *Bangkok Post*, February 27, 2006; in FBIS Document SEP20060227016001.

Container Security Initiative Update: Ports in Oman and Honduras Operational; India and Pakistan to Join

In March 2006, the U.S. Container Security Initiative (CSI) gained two new members, and two other states announced their intention to join the initiative. Under CSI, launched in January 2002, the U.S. Customs and Border Protection (CBP) agents are stationed at foreign ports to identify and screen high-risk containers destined for the United States.

On March 7, 2006, and March 26, 2006, the CBP announced that the Port of Salalah, in Oman, and the Port of Cortes, in Honduras, became, respectively, the 43rd and 44th operational ports under CSI. The Port of Cortes is the first CSI operational port in Central America. Both ports are also participating in the Megaports Initiative, under the supervision of the U.S. Department of Energy's National Nuclear Security Administration (NNSA). Under this program, ports receive large-scale radiological detection equipment to support CSI operations. With the addition of these two new ports, CBP officials can now pre-screen and target 75 percent of all containers destined for the United States.[1,2]

On March 2, 2006, the United States and India issued a joint statement announcing their desire to conclude a Maritime Cooperation Framework, including India's intention to join CSI. According to a January 2005 report in the *Indian Express*, members of India's National Security Council had long been proponents of joining the program, while intelligence and customs officials were concerned about the

security risks and the possible loss of sovereignty from allowing U.S. officials to have a presence at Indian ports. However, after the program received approval from the World Customs Organization in June 2002, and the ports of Colombo, in Sri Lanka, and Shanghai and Shenzhen, in China, began CSI programs, in 2005, Indian officials determined that the advantages of joining CSI outweighed any perceived disadvantages.[3,4]

On March 4, 2006, during U.S. President George W. Bush's visit to Pakistan, the White House announced that Pakistan had agreed to join CSI, allowing the United States to station CBP agents at the Port of Qasim.[5] Representatives from the United States and Pakistan signed a Declaration of Principles to advance the collaboration on March 7, 2006. Under the agreement, the Port of Qasim will use remote targeting and real-time remote imaging of the container examinations, along with a live video feed to monitor the inspection process.[6]

Sources: [1] "U.S. Customs and Border Protection Strengthening Port Security Salalah, Oman Becomes 43rd Container Security Initiative Port," Press Release, March 7, 2006, U.S. Customs and Border Protection (CBP) website, <http://www.cbp.gov/xp/cgov/newsroom/press_releases/032006/03072006_3.xml>. [2] "Port of Cortes, Honduras Becomes 44th Container Security Initiative Port," Press Release, March 25, 2006, CBP website, <http://www.cbp.gov/xp/cgov/newsroom/press_releases/032006/03252006.xml>. [3] "US, India to Beef Up Maritime Security," *Times of India* online edition, March 2, 2006, <http://timesofindia.indiatimes.com>. [4] "India to Soon Join A US-led Security Group," *Indian Express* online edition, January 31, 2005, <www.indianexpress.com>. [5] "Fact Sheet: United States and Pakistan: Long-Term Strategic Partners," White House Press Release, March 4, 2006, <http://www.whitehouse.gov/news/releases/2006/03/20060304-4.html>. [6] "Pakistan to Participate in Container Security Initiative," Press Release, March 7, 2006, CBP website, <http://www.cbp.gov/xp/cgov/newsroom/press_releases/032006/03072006_2.xml>.

Chertoff Promotes Shipping Security in East Asia

In order to promote further expansion of U.S. maritime security policies, U.S. Homeland Security Secretary Michael Chertoff visited countries in East Asia, including Japan and Singapore, from March 28 to April 4, 2006.

During his March 28 visit to Tokyo, Secretary Chertoff called upon Asian ports to improve port security and in particular called upon Japan and China to join the Megaports Initiative and install radiation detectors at their CSI ports in order to help detect smuggled radioactive material that might be used to produce a dirty bomb. Japan has been hesitant to install the systems, fearing they may slow down container processing times.[1] However, on April 3, 2006, Kyodo News Agency reported that the United States and Japan were in negotiations to begin a pilot Megaports project at the Port of Nagoya before implementing the program at other major ports. Nagoya was chosen because its exports to the United States are predominately automobiles, thus providing a stable test site for assessing the technical capabilities of the detectors.[2]

During his visit to Singapore, Chertoff announced that the Port of Singapore would commence operations of a pilot program under Megaports within days. The United States and Singapore signed a Megaports agreement on March 10, 2005.[3]

Sources: [1] David Pilling and Tom Mitchell, "U.S. Official Urges Asia to Improve Port Security," *Financial Times* online edition, March 28, 2006, <http://news.ft.com>. [2] "U.S., Japan Eye U.S Nuclear Cargo Screening at Japanese Ports," Kyodo News Agency, April 3, 2006, <http://home.kyodo.co.jp>. [3] Dominque Loh, "S'Pore, U.S. to Have Port Monitors Screen for Radioactive Goods," Channel NewsAsia, March 29, 2006, <http://www.channelnewsasia.com>.

GAO Assesses Radiation Detection Equipment and Policies for U.S. Points of Entry

On March 14, 22, and 28, 2006, the U.S. Government Accountability Office (GAO) released a series of reports detailing both the progress and weaknesses of U.S. government efforts to install and operate radiation detection equipment at both foreign and U.S. ports of entry. Problems noted at overseas ports include corruption of foreign border personnel, technical limitations of current scanner technology, the lack of adequate maintenance for handheld equipment, and the harsh environmental conditions at some foreign border crossings.[1] For U.S. ports of entry, the GAO identified problems with the Department of Homeland Security's (DHS) review process for releasing funds for the deployment of radiation detection equipment and problems negotiating with seaport operators over the placement of portal monitors.[2]

On Tuesday, March 28, 2006, Gregory Kutz, Managing Director of the GAO office on Forensic Audits and Special Investigations, testified before the Senate Committee on Homeland Security, detailing tests performed by the GAO to assess the ability of radiation detection monitors to detect radioactive material at U.S. border crossings.[3] The tests were conducted on December 14, 2005 at land crossings in Washington and Texas, and in both cases the monitors successfully detected the small amounts of cesium-137 transported by investigators in rented cars.[4] However, the investigators were able to pass through secondary CBP inspections by presenting counterfeit bills of lading and fake Nuclear Regulatory Commission documents produced using off-the-shelf computer software.[3]

In addition, GAO investigator Eugene Aloise testified that as of December 2005, the DHS had only installed about 670 radiation portal monitors at seaports, border crossings, and mail facilities and that at the current rate of installation, the DHS would be unable to reach its target of 3,000 monitors by 2009. Vayl Oxford, director of the Domestic Nuclear Detection Office in the DHS, announced that installation would be accelerated so that 98 percent of all containerized cargo from Mexico would be scanned by October 1, 2006, 98

percent of containers through seaports by October 1, 2007, and all cargo containers by the end of 2011.[5]

Sources: [1] "Combating Nuclear Smuggling: Corruption, Maintenance, and Coordination Problems Challenge U.S. Efforts to Provide Radiation Detection Equipment to Other Countries," Government Accountability Office Report GAO-06-311, March 2006, <http://www.gao.gov/new.items/d06311.pdf>. [2] "Combating Nuclear Smuggling: DHS Has Made Progress Deploying Radiation Detection Equipment at U.S. Ports-of-Entry, but Concerns Remain," Government Accountability Office Report GAO-06-389, March 2006, <http://www.gao.gov/new.items/d06389.pdf>. [3] Gregory Kutz, "Border Security: Investigators Transported Radioactive Sources Across Our Nation's Borders at Two Locations," Statement before the Permanent Subcommittee on Investigation, Senate Committee on Homeland Security and Governmental Affairs, Government Accountability Report GAO-06-583T, March 28, 2006, <http://www.gao.gov/new.items/d06583t.pdf>. [4] Spencer Hsu and William Branigin, "Radioactive Materials Smuggled into U.S., Investigators Say," *Washington Post*, March 28, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [5] Gwyneth Shaw, "Testimony, GAO Probe Reveal 'Blind Spot' in Cargo Security," *Baltimore Sun*, March 29, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>.

Russia to Install Non-Intrusive Inspection Systems at Seaports

On February 20, 2006, the Russian Federal Customs Service (FCS) and Federal Agency for Marine and River Transport (Rosmorrechflot) under the Ministry of Transport jointly organized a meeting in St. Petersburg to discuss issues related to equipping Russian seaports with non-intrusive inspection systems. The meeting, chaired by Vladimir Shamakhov, FCS first deputy head, and Vladimir Popov, deputy head of Rosmorrechflot, was attended by St. Petersburg municipal and Leningrad Oblast administrative officials, representatives of the Association of Commercial Seaports, the Port of St. Petersburg, and stevedore companies from St Petersburg, Novorossiysk, and Vladivostok.[1] [*Editor's Note: Rosmorrechflot is a Russian federal executive agency under the Ministry of Transport that administers Russian state-owned marine and river transport infrastructure including commercial seaports, specialized and fishing ports.*]

The FCS representatives noted at the meeting that the customs agency places a high priority on furnishing customs checkpoints, including at seaports, with stationary and mobile non-intrusive detection equipment, such as large-scale X-ray machines and radiation detectors, to interdict illegal cargoes that pose a high proliferation or terrorist threat. Non-intrusive inspection systems are designed to detect hidden contraband, including weapons, explosives, drugs, undeclared goods, and weapons of mass destruction. This measure is one of the core elements of the World Customs Organization's (WCO) Framework of Standards to Secure and Facilitate Global Trade. [*Editor's Note: The Framework of Standards to Secure and Facilitate Global Trade was unanimously adopted by 166 WCO members during the WCO June 2005 session in response to the growing concern over vulnerability of the global shipping system to the terrorist threat. The Framework is based on four principles: harmonizing advance electronic manifests; using risk management approaches to target suspect shipments; requiring exporting countries to perform inspections, preferably with non-intrusive detection equipment, at the reasonable request of importing countries; and providing customs benefits to businesses that strengthen their internal supply chain security. The adoption of the Framework is voluntary, so effective implementation will require significant cooperation among customs agencies and between businesses and governments. Russia was among about one hundred nations that announced their intention to implement the framework in the summer of 2005.*] The use of non-intrusive detection equipment is also part of the "Development Concept of the Customs Service of the Russian Federation until 2010," adopted by the government in December 2005. Under this concept, the Russian government plans to have 22 mobile and 50 stationary non-intrusive inspection systems operational on the national borders by 2010, including 10 stationary systems to be installed in seaports. After 2010, the FCS plans to equip checkpoints along the entire Russian state border and all main seaports with non-intrusive systems. The Port of St. Petersburg will become the first seaport to be equipped with non-intrusive inspection equipment.[1,2,3]

Customs officials emphasized that the installation of non-intrusive screening systems will facilitate not only the work of the customs service, but also of the management of seaports and the activities of stevedore companies. Since these systems allow quick inspection of cargo containers without unloading for manual searches, their installation in Russian ports is expected to improve the effectiveness of customs control and increase duties collected, as well as significantly reduce the time spent on customs clearance and thereby increase the flow of legitimate trade.[1]

Sources: [1] "Inspektsionno-dosmotrovyye kompleksy v morskikh portakh: kto pervyy" (Non-intrusive inspection systems in seaports: who will be the first), Russia's Federal Customs Service website, February 21, 2006, <http://www.customs.ru/ru/press/index.php?&date286=200602&id286=9617>. [2] "FTS ustanovit IDK v portakh" (FCS will install non-intrusive inspection systems in seaports), SeaNews news agency, March 17, 2006; in LogLink.ru, <http://www.loglink.ru>. [3] Ilya Desyaterik, "'Seryy' import prosvetyat rentgenom" ('Grey' import will be screened with roentgen), *Delovoy Peterburg*, March 2, 2006; in Tamozhennyy portal (Customs portal) website, <http://customs.net.ru>.

Foreign Firm to Screen Cargo for Nuclear Material in Bahamas

Container security has received ongoing political attention in Washington since concerns erupted in February 2006 over the bid by Dubai Ports World to acquire the U.S. assets of British P&O Ltd., including port terminal and stevedoring operations along the U.S. Atlantic and Gulf of Mexico coasts. Further fueling the debate over the role of foreign companies in container security, on March 24, 2006, the Associated Press reported that Hong Kong-based Hutchison Whampoa, Ltd., would receive a US$6 million, one year no-bid contract from

the U.S. Department of Energy's National Nuclear Security Administration (NNSA) to run radiation detectors screening U.S.-bound cargo, at the Port of Freeport, the Bahamas, under the supervision of Bahamian customs inspectors. Hutchison operates the Freeport Container Port on Grand Bahama Island. This arrangement marks the first time that a foreign company will operate these machines, provided under the NNSA-run Megaports Initiative, without the presence of U.S. Customs and Border Protection (CBP) agents.[1]

The government of the Bahamas selected Hutchison to receive the contract to run the screenings because the company runs overall operations at the container terminal. Hutchison employees will drive the mobile radiation scanners over containers; any positive readings will trigger alarms at both the Bahamian customs office, at Freeport, and at CBP's National Targeting Center, in Virginia, United States. Bush administration officials and officials at the Central Intelligence Agency (CIA) have stated that there are no security concerns about the arrangement, though some critics, particularly in the U.S. Congress, have questioned the relationship between Hutchison Whampoa and the Chinese government. The company's chairman Li Ka-Shing, a resident of Hong Kong, has significant business ties in China and has close contacts with Beijing's senior leadership.[1]

Responding to this criticism, representatives from Hutchison reaffirmed their commitment to security and stressed the strength of the firm's security checks.[2] On March 25, 2006, U.S. congressional representatives were invited to tour Hutchison's security operations at Hong Kong's International Terminal. After the visit, senators Charles Schumer (D-New York) and Lindsey Graham (R-South Carolina) praised Hutchison's system, which screens all of the containers passing through the terminal. The senators, however, stressed that the primary concern that critics have with the Bahamas agreement was the lack of U.S. customs monitoring on site.[3] Two days later, as reported by the Associated Press, CBP indicated that it will begin discussions with the government of the Bahamas on stationing CBP agents at the Port of Freeport by the end of 2006, as part of the Container Security Initiative.[4]

Editor's Note: The Megaports Initiative supplements the Department of Homeland Security's Container Security Initiative (CSI) in its effort to safeguard global maritime trade by enhancing security at seaports worldwide in order to identify and examine high-risk containers as early as possible, before they reach U.S. shores. Under CSI, the U.S. government partners with countries that have ports that meet certain minimum standards and ship a significant volume of containerized cargo to the United States. By providing radiation detection capabilities at key ports, the Megaports Initiative allows the screening of cargo for nuclear and radioactive materials that could be used against the United States, the host country, and U.S. allies.[5]

Sources: [1] Ted Bridis and John Solomon, "U.S. to Contract Foreign Co. to Scan Cargo," Associated Press, March 24, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [2] William Foreman, "Hong Kong Firm Defends Security Plans," Associated Press, March 25, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com> [3] David Pilling and Tom Mitchell, "U.S. Official Urges Asia to Improve Port Security," *Financial Times* online edition, March 28, 2006, <http://news.ft.com>. [4] Ted Bridis, "U.S. Looks to Put Inspectors in Bahamas," Associated Press, March 28, 2006; in Lexis-Nexis Academic Universe, <http://www.lexis-nexis.com>. [5] "Second Line of Defense Programs," U.S. Department of Energy website, <http://www.nnsa.doe.gov/na-20/sld.shtml>.

Workshops and Conferences

BIS Export Control Forum Held in California; Focus on Industry Issues and Compliance

On March 13, 2006, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) held the "U.S. Export Control Forum 2006," in Newport Beach, California. In keeping with the BIS Conference on Export Controls and Policy—commonly referred to as "Update"—held every October in Washington, DC, this "Update West" featured overviews of key policy issues currently affecting export licensing of U.S.-origin products and technology. Representatives from BIS and the U.S. Census Bureau gave presentations to an audience that was predominantly from the California-based high tech industry. Approximately 280 participants attended the forum, the first of its type since 2002. Also in attendance were two representatives from China's Ministry of Commerce (MOFCOM), including the director of the Department of Science and Technology (DST). [*Editor's Note: MOFCOM's Department of Science and Technology is the Chinese counterpart to BIS. The DST is responsible for export controls on dual-use items in China.*]

The keynote speaker for the conference was Mark Foulon, Deputy Undersecretary of Commerce for Industry and Security. Foulon remarked that the technological revolution continues to improve people's quality of life—but that the revolution also has drawbacks that have led to new "deadly threats." The U.S. government is struggling with how best to capture the economic opportunities of today's world while ensuring national security. Foulon called on exporters to be the "first line of our common defense" and cautioned them "to be aware of [their] potential customers" for controlled items.[1]

The issues and updates discussed during the forum included the following:

U.S. Export Controls to China

Bernard Kritzer, director of the BIS Office of National Security and Technology Transfer Controls, noted that while China is an increasingly important customer for high-

technology goods, Beijing's efforts to obtain advanced military technologies and the proliferation activities of Chinese companies continue to be an on-going security concern to the U.S. government. Therefore, BIS evaluates carefully the export of controlled items to China. In 2005, BIS denied "only 10 percent" of license applications for exports to China. While this number is low, Kritzer admitted that U.S. technology controls over exports to China do affect U.S. companies, particularly those firms dealing in items having the highest potential to assist China's military, such as electronic components, semiconductor and chemical manufacturing equipment, machine tools, and high performance computers. Kritzer also discussed the increasingly controversial subject of "conventional arms catch-all," also known as the "military catch-all" rule. This new proposed guideline, which is based on a guideline passed by the Wassenaar Arrangement in 2004 and is currently under review by relevant agencies in the U.S. government, would bar export of potentially sensitive items to any company with ties to military programs in non-Wassenaar countries such as China. Kritzer noted that the BIS is working to "target carefully those otherwise uncontrolled technologies" that could make a "meaningful contribution to China's military capabilities," and that the U.S. government will only target military users "without impinging on civilian trade."[2]

Export Control Policy vis-à-vis Iraq and Libya

Although from the perspective of U.S. export controls, Libya remains designated by the U.S. Department of State as a "state sponsor of terrorism," and both Iraq and Libya are still officially under arms embargoes, the United States has begun to ease restrictions on the two countries, primarily through the use of executive orders. As more U.S. individuals and organizations begin to work and trade with entities in these two countries, a difficult issue has surfaced with regard to treatment of equipment and technology already in the countries that was acquired in violation of U.S. export control laws or UN embargoes and that is now part of the "installed base" of various enterprises. In order to allow U.S. persons or companies to deal with the presence of these items, which are often used with legitimately obtained items, BIS has published "fix-it" regulations. The new rules allow exporters or other U.S. entities to overcome the prohibition against supporting the use of illicitly obtained items in installed bases (e.g., by supplying repair services or spare parts). Work with less sensitive items must be reported to BIS (including information on the item involved); for more sensitive items, the U.S. entity must apply for a license to export the U.S. service or equipment at issue.[3]

Citizenship and Deemed Export Licensing

In an overview of the issues surrounding licensing for deemed exports, Kritzer noted that the current policy, which BIS has decided to retain for the foreseeable future, considers a foreign national's most recently established citizenship or residency to determine if a deemed export license is required. For example, for the release of controlled technology to an Indian citizen who holds permanent residence in the United Kingdom, the license review would be the same as the review for a transfer to a citizen of the United Kingdom. For those with dual citizenship, licenses would be based on the most recently obtained citizenship.[4]

Licensing of Encryption Technology

Representatives from BIS noted that the most important issue regarding licensing requirements for dual-use encryption exports is how the encryption is used by the product intended for export. For instance, if the encryption is only to create password protection for files or online activity, then this would not likely require a license from the exporter. Also, technology that is considered "mass market" does not usually require a license or other notification. However, more advanced encryption algorithms, protocols, or applications may require an export license or may require the exporter to notify BIS of an impending transfer.[5]

License Exemption on Export of Missile Technology to Canada Ended

In a discussion of recent developments in the U.S. export control regulations, BIS representatives noted the removal of a license exemption for Canada-bound exports of missile technology-related items. This change is consistent with the U.S. *Export Administration Act*, which requires an individual export license for all controlled dual-use missile equipment and technology to all countries. The economic impact of this change is currently under review by the U.S. Office of Management and Budget.[6]

Update on the Mandatory Automated Export System (AES)

In an effort to completely replace the paper-based Shipper's Export Declaration (SED), the U.S. Census Bureau, which administers the Automated Export System (AES), proposed in February 2005 the mandatory filing of information for all U.S. exports through the AES. The AES has been available since the mid-1990s; currently, 96 percent of U.S. exports already are entered into the automated system.[7]

Upgrade of the Electronic Export Application System

The current system that exporters use to submit license requests to BIS, known as the Simplified Network Application Process (SNAP), is based on a twenty-year old technology. A prototype of a new system, the SNAP Redesign (SNAP-R), was previewed at the forum. According to BIS representatives, the launch of the SNAP-R Prototype is meant to involve exporters in the creation of a final system, which is expected to be released by the end of 2007—or sooner—depending on the feedback received from exporters.[8] [*Editor's Note: The SNAP-R Prototype was made available online for exporters in early April 2006.*]

Sources: [1] Remarks by Mark Foulon, Deputy Under Secretary for Industry and Security to the Bureau of Industry and Security's 2006 Export Control

Forum, Newport Beach, CA, March 13, 2006; Full text available on the Bureau of Industry and Security's (BIS) website, <http://www.bis.doc.gov/News/2006/FoulonExportControlForum.htm>. [2] "Statement of Bernard Kritzer, Director, Office of National Security and Technology Transfer Controls, Bureau of Industry and Security," BIS Export Control Forum, March 13, 2006. [3] Comments by Eric Longnecker, BIS Foreign Policy Division, during presentation entitled "Foreign Policy Controls: An Overview," at the BIS Export Control Forum, March 13, 2006; see also, John Maberry, "U.S. Trade Controls on Libya: Recent Developments," *World Trade Executive*, May 9, 2005, http://www.wtexecutive.com/cms/content.jsp?id=com.tms.cms.article.Article_1022_insight_2. [4] Comments by Bernard Kritzer, BIS Office of National Security and Technology Transfer Controls, and Michael Turner, BIS Office of Export Enforcement, during the "Deemed Export Panel," at the BIS Export Control Forum, March 13, 2006. [5] Comments by Judith Currie, BIS Information Technology Division, during presentation entitled "Overview of U.S. Export Controls on Dual-Use Encryption Items, at the BIS Export Control Forum, March 14, 2006. [6] Comments by Bill Arvin, BIS Regulatory Policy Division, during presentation entitled "Export Administration Regulations: Recent Developments and What's Ahead," at the BIS Export Control Forum, March 13, 2006. [7] Comments by Jerome Greenwell and Gerry Horner, Foreign Trade Division, U.S. Census Bureau, in presentation at the BIS Export Control Forum, March 13, 2006. [8] Presentation and exhibit by Kim Sinns of BIS on the Export Control Automated Support System (ECASS) Redesign Project, at the BIS Export Control Forum, March 13, 2006.

Export Control Meeting Held in Perm, Russia

On March 13-14, 2006, the Moscow-based Center for Export Control jointly with the Russian Federal Customs Service (FCS) and Federal Technical and Export Control Service (FTECS) organized a workshop, in the Russian city of Perm in the Urals, on customs procedures for dual-use goods, commodity identification, and updates in Russia's export control legislation. Participants included FCS and Perm customs officials, representatives from the FTECS, Ministry of Defense, and Center for Export Control, as well as an assistant export control attaché from the U.S. Embassy and a representative of Commonwealth Trading Partners, a U.S. company based in Alexandria, Virginia, that provides a wide variety of export control products and services to public and private sector clients. During the workshop, participants reviewed the Russian export control system and national control lists, discussed the purposes of commodity identification, and addressed issues related to interaction between the FCS, FTECS, and Ministry of Defense in the field of export control. They also discussed commodity identification methods, the possible use of electronic search systems in commodity identification, as well as the role of the Russian customs service in implementing export controls. The event was followed by a similar workshop for Perm Oblast exporters and importers held on March 15-17, 2006.[1]

Source: [1] "Novoye v regulirovanii eksportnogo kontrolya" (New developments in the regulation of export control), TKS.RU customs information website, March 15, 2006, <http://www.tks.ru>.

Second Biological Weapons Convention Regional Workshop Held in Indonesia

On March 6-7, 2006, the Second Biological Weapons Convention (BWC) Regional Workshop was held in Bali, Indonesia. The event was co-hosted by the Indonesian and Australian governments, with the assistance of the Asia Pacific Center for Military Law (APCML), which is a collaborative initiative of the Australian Defense Force Legal Service and the Melbourne University Law School. The BWC workshop brought together representatives from the Asia-Pacific, including representatives from the two co-hosts, as well as officials from Cambodia, Laos, Malaysia, New Zealand, Papua New Guinea, the Philippines, Thailand, and Vietnam. Representatives from the World Health Organization and the International Committee of the Red Cross were also in attendance.[1,2]

The first regional BWC workshop was held in February 2005 in Melbourne, Australia. That event had been prompted by the realization of organizers that a number of smaller states in the Asia-Pacific region were finding it difficult to effectively implement their BWC requirements and the additional objectives set forth at the Fifth BWC Review Conference in 2002. The 2005 workshop was meant to enabled "exploration and sharing of experiences on implementation of the BWC from a regional perspective" and established a network of regional officials "engaged with various measures to counter BW-proliferation and bioterrorism."[3]

The second workshop continued with the themes of the first, focusing on a number of issues related to BWC implementation, including bio-security and the development of appropriate domestic legal frameworks for controlling the export of dual-use biological-related materials and technologies.[4] In his opening remarks, Mr. M. Slamet Hidayat, director-general for Multilateral Affairs in the Indonesian Department of Foreign Affairs, noted that the workshop was important for enabling participants to increase their understanding of issues related to BWC implementation, and share their experiences in this regard.[1]

Dr. Robert Mathews, head of Nuclear, Biological and Chemical (NBC) Arms Control at Australia's Defense Science and Technology Organization (DSTO), gave the opening remarks for the Australian co-hosts, noting that WMD proliferation and the rise of global terrorism were major challenges to international security, and these inter-related challenges "cannot be resolved by nations acting alone. They require joint and concerted effort."[3]

For a full report on the results of the workshop, see the APCML website at: <http://www.apcml.org/conferences.php#060306>.

Sources: [1] "Second Biological Weapons Convention Workshop, 6-7 March 2006," Asia Pacific Center for Military Law website, <http://www.apcml.org/conferences.php#060306>. [2] Directorate of Information and Media, Indonesian Department of Foreign Affairs, "2nd Regional Workshop on Biological Weapons Convention (BWC)," Press Release No. 14/PR/III/2006, February 27, 2006, Embassy of the Republic of Indonesia in Japan website, <http://www.indonesian-

embassy.or.jp/menue/information/press/reg-workshop-2nd-bwc.html>.
[3] Robert Mathews "Opening Remarks: Second Regional Biological Weapons Convention Workshop, Bali, Indonesia, 6-7 March 2006."
[4] "Regional Workshop on the Biological Weapons Convention," Defence Media Release CPA 047/06, Australian Defence Report website, March 6, 2006, <http://australiandefencereport.com.au/Australian-Defence-Force/regional_workshop_on_the_biologi.htm>.

CSTO Experts Discuss Export Control Issues and Adopt List of Terrorist Organizations

On March 2, 2006, experts representing export control authorities of the Collective Security Treaty Organization (CSTO) member states met at the CSTO Secretariat in Moscow to conduct consultations on export control issues and cooperation with the U.S.-led Proliferation Security Initiative (PSI). Participants confirmed the willingness of their respective countries to continue the coordination of approaches to export control problems, including within multilateral export control regimes. CSTO experts also noted the need for taking into account common interests of CSTO member states in negotiating and signing nonproliferation prevention- and export control-related agreements with third parties. The expert consultations yielded a draft document that describes the main focus of cooperation between the CSTO member states in detecting and preventing illegal shipments of weapons of mass destruction (WMD), their delivery means, and related materials.[1,2]

In a related development, on March 29, 2006, the working group on the fight against terrorism and extremism under the CSTO Committee of Security Council Secretaries held a meeting in Moscow. The working group, consisting of experts from national security councils, law enforcement and security agencies of CSTO member states, was formed in June 2005 to develop proposals aimed at improving measures against terrorism, extremism and related challenges as well as threats to CSTO collective security. During the March 2006 meeting, experts approved a draft list of terrorist and extremist organizations threatening CSTO collective security and a draft program of CSTO joint measures to improve the efficiency of law enforcement and security agencies of the member states in the fight against terrorism and drug trafficking. The working group recommended both documents to be reviewed at the next session of the CSTO Permanent Council for subsequent adoption in accordance with established procedure.[3,4]

Editor's Note: The Collective Security Treaty was signed in May 1992 by Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. In 1999, Azerbaijan, Georgia, and Uzbekistan withdrew from the Treaty. It was transformed into the CSTO in May 2002. Current CSTO members are Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. The Collective Security Council, the governing body of the CSTO, is comprised of heads of state and chaired by national presidents in succession. Nikolay Bordyuzha, former Russian government official and ambassador to Denmark, serves as CSTO Secretary-General and heads the CSTO Secretariat—the organization's permanent working body. The Collective Security Council has three consultative and executive bodies: the Council of Defense Ministers, the Council of Foreign Ministers, and the Committee of Security Council Secretaries. The CSTO Permanent Council coordinates the interaction among CSTO member states between sessions of the Collective Security Council. For more information on this organization, see Konul Gabulzade and Kenley Butler, "Inter-State Cooperation in the NIS," NIS Export Control Observer, *September 2003, pp. 18-22, <http://www.cns.miis.edu/pubs/nisexcon/index.htm>.*

Sources: [1] "V ODKB obsudili napravleniya vzaimodeystviya po presecheniyu nezakonnykh postavok oruzhiya massovogo unichtozheniya" (CSTO discussed directions of interaction in preventing WMD illegal shipments), Regions.ru news agency, March 2, 2006, <http://www.regions.ru>. [2] "Eksperty ODKB obsudili voprosy protivodeystviya rasprostraneniyu OMU" (CSTO experts discussed issues related to countering WMD proliferation), Rossiyskiy mirotvorets (Russian peacekeeper) website, March 3, 2006, <http://www.peacekeeper.ru>. [3] "V ODKB dorabotan spisok terroristicheskikh i ekstremistskikh organizatsiy" (CSTO approves the list of terrorist and extremist organizations), Kazakhstan Today news agency, March 29, 2006; in Gazeta.kz, <http://www.gazeta.kz>. [4] Viktor Permyakov, "Gosudarstva ODKB koordiniruyut deyatelnost v borbe s terrorizmom" (CSTO member states coordinate their activities in the fight against terrorism), ANN news agency, March 29, 2006, <http://www.annews.ru>.

NOTICE OF CORRECTION:

In the article "Japanese Export Controls Under Scrutiny as Revelations of Illicit Transfers Continue," published in the March 2006 issue of the IECO, we incorrectly identified **Yamaha Corporation** as being accused of export violations. The correct name of the company accused is **Yamaha Motor Co., Ltd.**.

Yamaha Corporation is a separate company from Yamaha Motor Co., Ltd. and is not involved in the export control violation investigation. We apologize for any problems this error may have caused. The error has been corrected in the on-line edition of the March 2006 issue of the Observer.

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