



INTERNATIONAL EXPORT CONTROL

# Observer

## Inside this Issue

<b>Recent Developments .....</b>	<b>2</b>
<ul style="list-style-type: none"> <li>- South Korea to Strengthen Law on Bio Agents</li> <li>- Japan Set to Ban Import of Pathogens</li> <li>- Pakistan Announces Expansion of WMD-related Export Control Lists</li> </ul>	
<b>Changes in Personnel .....</b>	<b>3</b>
<ul style="list-style-type: none"> <li>- Tajikistan’s Border Service Renamed, Personnel Changed</li> <li>- President Yushchenko Introduces Changes in the Structure of Ukrainian Security Council</li> </ul>	
<b>Illicit Trafficking .....</b>	<b>4</b>
<ul style="list-style-type: none"> <li>- Illegal Export of Unmanned Helicopters to China Reveals Gaps in Export Control Awareness in Japan</li> <li>- Turkey Prepares to Prosecute Nuclear Smugglers</li> <li>- Florida Man Prosecuted for Illegal Transportation of Iridium-192 to Bahamas</li> <li>- Radioactive Sources Discovered in Nakhodka Seaport</li> </ul>	
<b>International Assistance Programs .....</b>	<b>7</b>
<ul style="list-style-type: none"> <li>- IAEA Conducts Nuclear Security Training in Niger</li> <li>- U.S. Government Trains Albanian First Responders</li> <li>- NIS Export Control Assistance Round-up</li> </ul>	
<b>Summaries from the Regional Press .....</b>	<b>9</b>
<ul style="list-style-type: none"> <li>- Georgian Law Enforcement Officials Discover Missile Cache and MANPADS</li> <li>- Russian General Reports WMD Blueprints Found in Chechnya, Complains of U.S. “Double Standards”</li> <li>- Radioactive Material Stolen in Venezuela</li> </ul>	
<b>Embargoes and Sanctions Regimes .....</b>	<b>12</b>
<ul style="list-style-type: none"> <li>- United States Steps Up Pressure on Iran WMD Programs Through Sanctions</li> <li>- Houston Firm Convicted of Attempting to Ship Alloy Pipes to Iran</li> </ul>	
<b>International Developments.....</b>	<b>14</b>
<ul style="list-style-type: none"> <li>- South Korea’s Participation in PSI Causes Controversy</li> </ul>	
<b>Workshops and Conferences .....</b>	<b>15</b>
<ul style="list-style-type: none"> <li>- Conference on Global Partnership in Ukraine</li> </ul>	

## Recent Developments

### South Korea to Strengthen Law on Bio Agents

On December 20, 2005, the South Korean Cabinet endorsed a proposal to reform existing legislation in order to tighten controls on the transfer and use of biological agents, and strengthen Seoul's compliance with the Biological Weapons and Toxin Convention (BTWC).[1,2,3] The proposal—drafted by the Ministry of Commerce, Industry and Energy (MOCIE) in June 2005—would revise the *Act on the Control of the Production, Export, Import, etc. of Specific Chemicals for the Prohibition of Chemical Weapons* to include biological weapons and toxins.[3,4] South Korea's National Assembly ratified the BTWC in 1987. As a MOCIE official explained, "Because the 1975 convention does not have any international enforcement and monitoring mechanism, each of the [155 states parties] has been required to incorporate such safety measures within its own law." [2]

The proposed legislation, if passed by the National Assembly and signed into law by President Roh Moo-hyun, would revise the Act to include similar prohibitions against the manufacture, possession, trade or use of biological agents and toxins. It would also introduce a reporting and monitoring system whereby legitimate users such as medical institutions and research laboratories would have to report any current stocks of agents and submit to regular inspections within two years. Any new users would be required to obtain a government license before producing or acquiring any restricted agents or toxins. The draft legislation also includes criminal penalties for violators.[3]

MOCIE was motivated to draft the proposed revisions in order to meet South Korea's obligations under the BTWC and United Nations Security Council Resolution 1540, as well as to prepare for the Sixth BTWC Review Conference, scheduled to be held in December 2006. To solicit expert opinions and ideas, MOCIE and the Bio-industry Association of Korea sponsored a seminar on the BTWC and bio-security issues on December 20, 2005, in Seoul.[3] The final draft of the reform legislation is expected to be prepared by MOCIE officials and passed by the National Assembly in 2006, and will likely take effect starting January 1, 2007.[1,3]

Sources: [1] Seo Dong-shin, "Seoul to Strengthen Controls on Bio Agents," *Korea Times*, December 20, 2005; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [2] "South Korea to Enact Bioweapons Law in 2007," Global Security Newswire, December 20, 2005, <<http://www.nti.org>>. [3] "Saengmulmugie taehan kyuje pömyöng maryön" (Reform Legislation Proposal Concerning Biological Weapons), MOCIE Press Release, December 21, 2005, South Korea's Ministry of Commerce, Industry and Energy website, <<http://www.mocie.go.kr>>. [4] *Act on the Control of the Production, Export, Import, etc. of Specific Chemicals for the Prohibition of Chemical Weapons*, Korean National Authority Chemical Weapons Convention website, <<http://cwc.kscia.or.kr/english/main2.htm>>.

### Japan Set to Ban Import of Pathogens

The Japanese Parliament (the Diet) is set to pass an amendment to the Customs Tariff Law that will ban the import of 12 viruses and bacteria that cause dangerous diseases, including Ebola, Crimean-Congo hemorrhagic fever, smallpox, Marburg, Lassa fever, plague, SARS, anthrax, tularemia, and botulism. On February 7, 2006, Japan's Cabinet submitted a bill to the Diet to revise the Customs Tariff Law.[1] The bill is expected to be passed and implemented within fiscal year 2006, which ends March 31, 2007.[2,3]

According to Japan's current Quarantine Law it is illegal to bring infectious agents into the country, without the permission of Japanese health authorities. However the current regulations do not give authorities the legal ability to seize illicitly imported agents. The revised law will allow Japanese officials to confiscate dangerous pathogens when they are discovered.

The purpose of the ban is to limit the threat of biological terrorist attacks against Japan. Tokyo's concern over bio-terrorism is heightened by memories of attacks on Japanese citizens in the 1990s by the Aum Shinrikyo cult.[4] Between 1990 and 1995, this religious cult—which carried out the sarin attack on the Tokyo subway in March 1995—attempted on at least seven occasions to use biological agents against Japanese civilians. None of the attacks were successful.[4]

With the passage of this bill, Japan will become the second Asian state in the past year to pass a law regulating the movement of pathogens within its borders. On October 18, 2005, Singapore passed the Biological Agents and Toxins Bill, a more comprehensive bill, regulating the flow of biological agents and toxins in and out of Singapore.[5]

Sources: [1] "Kanzeiteiritsu-hou tou no ichibu wo kaisei suru houritsuan" (Bill to Revise Part of the Customs Tariff Law), Cabinet Legislation Bureau Website, <[http://www.clb.go.jp/bk\\_law/164/text/zaimu4.htm](http://www.clb.go.jp/bk_law/164/text/zaimu4.htm)>. [2] "Government to Ban Import of 12 Deadly Pathogens," *Yomiuri Shimbum*, January 10, 2006, <<http://www.yomiuri.co.jp>>. [3] "Annex to Meeting of the Council on Customs, Tariff, Foreign Exchange and other Transaction's Sub-council on Customs and Tariff," (in Japanese) November 2005, <<http://www.mof.go.jp/singikai/kanzegaita/siryou/kana171124/kana171124h.pdf>>. [4] "Chronology of Aum Shinrikyo's CBW Activities," March 13, 2001, Center for Nonproliferation Studies website, <[http://cns.miis.edu/pubs/reports/pdfs/aum\\_chrn.pdf](http://cns.miis.edu/pubs/reports/pdfs/aum_chrn.pdf)>. [5] "Singapore Parliament Passes Biological Agents and Toxins Bill," *International Export Control Observer*, November 2005, p. 2, <<http://cns.miis.edu/pubs/observer/index.htm>>.

### Pakistan Announces Expansion of WMD-related Export Control Lists

On December 27, 2005, the government of Pakistan issued an expanded list of nuclear, missile, and biological-warfare-related items subject to domestic export controls. According to an announcement from Pakistan's Ministry of Foreign Affairs (MFA), the new lists "encompass the lists and scope of export controls maintained by the Nuclear Suppliers Group (NSG), the Australia Group (AG) which relates to biological agents

and toxins, and the Missile Technology Control Regime (MTCR).” The same announcement noted that Pakistan’s chemical weapons-related control lists have been in compliance with Chemical Weapons Convention (CWC) requirements since 2000, when Pakistan passed the Chemical Weapons Convention Implementation Ordinance. According to the government release, relevant agencies and companies would be informed about the expanded lists; however, no details were provided as to how these entities would be notified.[1]

The expansion of the control list was pursuant to the “Export Control Act on Goods, Technologies, Materials and Equipment related to Nuclear and Biological Weapons and their Delivery Systems” (or Export Control Act) adopted by the Pakistani parliament in September 2004.[1] The Export Control Act was enacted in response to international concerns regarding Islamabad’s sensitive export activities, in the aftermath of revelations about the nuclear trafficking network led by Pakistani nuclear scientist A. Q. Khan. The Act sought to reinforce administrative oversight of the export licensing process, increase fines for violating export controls, and require stricter record-keeping standards for government and industry.[2]

The December 27 MFA announcement also noted Pakistan’s plan to expand its civilian nuclear capabilities over the next two decades. Under Pakistan’s current energy plan, Islamabad aims to build a number of new nuclear plants to reach its goal of generating 8800 megawatts of electricity (MWe) by 2025. [Editor’s Note: Pakistan’s current nuclear facilities have an energy producing capacity of 425 MWe.] These plants would be under International Atomic Energy Agency (IAEA) safeguards.[1] The day after the new control lists were released, Pakistani Prime Minister Shaukat Aziz sought to highlight his country as a responsible state with regard to management of its nuclear program. Aziz, speaking at a ceremony marking the beginning of construction of the Chashma-II nuclear power plant, noted that Pakistan maintains a command and control authority that ensures the safety and security of domestic strategic assets and that Islamabad had controls in place to prevent “leakage of nuclear materials.”[3,4] [Editor’s Note: Chashma-II is the second unit of the Chashma Nuclear Power Plant Complex. Chashma-I, also located within the complex, is a 300 MWe pressurized water reactor (PWR) built with Chinese assistance, which was completed in 1999. It has been connected to Pakistan’s power grid since 2000.]

Since 1992, the guidelines of the 45-member Nuclear Suppliers Group (NSG) have prohibited members from transferring nuclear materials, equipment, and technology to states such as Pakistan that have not placed all of their nuclear materials and facilities under IAEA inspection provisions. Chinese assistance for Chashma-I and II is exempt from this requirement because the agreement for the sale of these units

pre-dates the 1992 NSG restriction. In September 2005, Pakistani President Pervez Musharraf held talks with British Prime Minister Tony Blair to examine prospects for cooperation in the civilian nuclear energy sector, but such cooperation with the UK, as well as civil nuclear cooperation with China beyond Chashma-II, would be prohibited, unless current NSG rules are amended.[5] [Editor’s Note: The United States has proposed waiving the NSG requirement for full IAEA nuclear inspections in the case of India, which like Pakistan, has nuclear facilities not inspected by the IAEA. Pakistan may be hoping to obtain a similar exemption, but at this time, no members of the NSG have proposed this option.]

*Editor’s Note: Pakistan has not signed the Nonproliferation Treaty and is not a member of the NSG, the Australia Group or the MTCR. Pakistan has ratified the CWC. For more information on Pakistan’s involvement in international nonproliferation and arms control regimes, see the Pakistan section of the Inventory of International Nonproliferation Organizations & Regimes at <<http://cns.miis.edu/pubs/inven/pdfs/pakistan.pdf>>.*

Sources: [1] Press Release from Pakistan’s Ministry of Foreign Affairs, Office of the Spokesperson, December 27, 2005, <<http://www.pakmission-uk.gov.pk/pressReleases/2005-12-27-PR71705.htm>>. [2] Shi-chin Lin, “The AQ Khan Revelations and Subsequent Changes to Pakistani Export Controls,” Issue Brief, Nuclear Threat Initiative website, October 2004, <[http://www.nti.org/e\\_research/e3\\_issues.html](http://www.nti.org/e_research/e3_issues.html)>. [3] “PM Terms Nuclear Programme as Peaceful,” Pakistan Newswire, December 29, 2005; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [4] “Chashma Nuclear Power Project, a Step Forward Towards Energy Security: PM,” News Summary, Government of Pakistan Info Portal, December 29, 2005, <[http://www.infopak.gov.pk/news/news\\_schedule.htm](http://www.infopak.gov.pk/news/news_schedule.htm)>. [5] “UK Ready to Cooperate Pakistan (sic) in Civil Nuclear Sector,” Pakistan Press International Services, October 4, 2005; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>.

## **Changes in Personnel**

### **Tajikistan’s Border Service Renamed, Personnel Changed**

On January 13, 2006, President of Tajikistan Emomali Rakhmonov signed an edict that reorganized the Committee on State Border Protection into the State Committee on State Border Protection (SCSBP). In accordance with the edict, the border guard agency that was previously under Tajikistan’s Cabinet of Ministers was transformed into an independent agency that reports directly to the president. The declared aim of this reorganization is to improve the effectiveness of state border protection.[1] The same day, President Rakhmonov signed an edict appointing Saidamir Zuhurov as SCSBP chairman. Zuhurov was the chairman of the Committee on State Border Protection, however, several of his former deputies have been dismissed. In accordance with the decrees issued by the Tajik Cabinet of Ministers, Nurali Nazarov (First Deputy Chairman—Chief of the General Staff), Djabbor Khomidov (Deputy Chairman—Chief Intelligence Officer),

Mirzokhuja Nizomov (Deputy Chairman), and Saymakhmud Temurov (Deputy Chairman for Logistics) were dismissed, replaced by Safarali Sayfulloyev, Sharaf Fayzulloyev, Muzaffar Abdulloyev, and Safarali Nazirov, respectively. Sabza Sarkorov (Deputy Chairman for Educational Work) is Zukhurov's only deputy who retained his position.[1,2,3,4,5] Available press reports do not explain what caused these significant personnel changes in the Tajik border guard agency.

Sources: [1] "Ukazy Prezidenta Respubliki Tadjikistan" (Edicts of the President of the Republic of Tajikistan), *Narodnaya gazeta*, No. 3 (19505), January 18, 2006. [2] "Rakhmonov podpisal ukaz o reforme pogranichnogo vedomstva respubliky" (Rakhmonov signed an edict reforming the republic's border guard agency), RIA Novosti, January 14, 2006, <<http://www.rian.ru/>>. [3] Bakhrom Mannonov "Tadjikskoye pogrannovedstvo priobrela novyy status," (The Tajik border agency acquired a new status), Asia-Plus news agency, January 14, 2006, <<http://www.asiaplus.tj>>. [4] "Kadrovyye izmeneniya v rukovodstve vedomstva po okhrane gosudarstvennoy granitsy" (Personnel changes in the leadership of the state border protection agency), Khovar news agency, January 14, 2006, <<http://www.khovar.tj>>. [5] Anvarbek Siddikov, "Pozitiv tadjikskikh pogranichnikov" (Tajik border guards are positive), Khovar news agency, February 1, 2006, <<http://www.khovar.tj>>.

### President Yushchenko Introduces Changes in the Structure of Ukrainian Security Council

On January 13, 2006, Ukrainian President Viktor Yushchenko signed Edict No.2/2006 "On Some Issues Concerning the Apparatus of the National Security and Defense Council of Ukraine" (NSDC). The edict expands membership of the NSDC apparatus to include the Chairman of the Committee on Military and Technical Cooperation and Export Control Policy under the President of Ukraine (CMTCEC). The NSDC is the government body coordinating Ukraine's policies on nonproliferation, export controls and military-technical cooperation with foreign countries.

As a result, Yuriy Tereshchenko, who was appointed CMTCEC chairman on November 3, 2005, is now an NSDC apparatus member. Furthermore, the changes will expand NSDC personnel from 247 to 257 employees.[1,2,3,4,5]

*Editor's Note: On July 7, 2005, Tereshchenko was appointed the NSDC first deputy secretary and CMTCEC chairman. On October 20, 2005, he was dismissed from these positions, and reappointed CMTCEC chairman on November 3, 2005.*

Sources: [1] President of Ukraine Decree No.2/2006, January 13, 2006, "O nekotorykh voprosakh Apparata Soveta natsionalnoy bezopasnosti i oborony Ukrainy" (On some issues concerning the apparatus of the National Security and Defense Council of Ukraine), President of Ukraine website, <<http://prezident.gov.ua/ru/documents/3837.html>>. [2] "Yushchenko izmenil apparat SNBO" (Yushchenko Changed NSDC Apparatus), *Ukrainski Novini*; in *Mignews* (Ukraine), January 16, 2006, <<http://mignews.com.ua>>. [3] "Yushchenko 'razdul' apparat SNBO" (Yushchenko 'Blew Up' NSDC Staff), *Novosti Ukrainy*, January 16, 2006, <<http://www.from-ua.com>>. [4] "Yushchenko naznachil Tereshchenko pervym zamestitel'm sekretarya SNBU" (Yushchenko appointed Tereshchenko first deputy secretary of NSDC), RIA Novosti, July 7, 2005; in *Vedomosti* on-line edition, <<http://www.vedomosti.ru>>. [5] President of Ukraine Decree No. 1530/2005, November 3, 2005, "O naznachenii Y. Tereshchenko Predsedatelem Komiteta po politike voyenno-tekhnicheskogo sotrudnichestva i eksportnomu kontrolyu

pri Prezidente Ukrainy" (On Appointment of Yuriy Tereshchenko Chairman of the Committee on Military and Technical Cooperation and Export Control Policy under President of Ukraine), President of Ukraine website, <<http://prezident.gov.ua/ru/documents/3433.html>>.

## Illicit Trafficking

### Illegal Export of Unmanned Helicopters to China Reveals Gaps in Export Control Awareness in Japan

On January 23, 2006, the Japanese Ministry of Economy, Trade and Industry (METI) accused Yamaha Motor Corporation, Ltd., of violating Japan's *Foreign Exchange and Foreign Trade Law* by exporting unmanned helicopters to China without prior government approval. Yamaha is best known as the country's second largest motorcycle manufacturer, but is also one of its leading manufacturers of rotary wing (helicopter-style) unmanned aerial vehicles (UAVs). METI contends that the UAVs in question are dual-use in nature and could be used by the Chinese military. METI also announced that the case has been referred to a special task force consisting of the police departments of Shizuoka and Fukuoka prefectures and METI investigators.[1]

On January 27, 2006, the task force reported that Yamaha, in violation of Japan's trade law, exported a total of 11 rotary-wing UAVs to China between July 2001 and the end of 2005. According to investigators, one of the 11 UAVs was exported in November 2003 to Poly Technologies Inc., a Beijing-based company with strong ties to the Chinese People's Liberation Army (PLA).[3] In addition to the purchase cost of the UAVs, Yamaha is accused of receiving additional tens of millions of yen (hundreds of thousands of U.S. dollars) from Chinese companies for unspecified "labor fees" every year.[4]

For its part, Yamaha has so far admitted that it exported nine remote controlled RMAX L181 unmanned helicopters to Beijing BVB Technology Co., an aerial photography company, on December 21, 2005. BVB Technology is also suspected to having links to the PLA.[2] Initially, Yamaha officials claimed that the UAVs exported to China did not have an automatic navigation function and required constant input from a remote control device to operate. According to company officials, exports of these models are not controlled by Japan's export control law.[2] However, the task force investigating the case found that the UAVs did in fact contain both a global positioning systems (GPS) and an attitude control device for automated flight. Japanese authorities suspect that Yamaha knowingly exported the UAVs illegally, with full understanding that they could be converted for military use.

According to Yamaha's production catalogue, RMAX series unmanned helicopters are equipped with GPS, as well as a

high-resolution cameras, and are capable of programmed unmanned flights.[3] These capabilities make them potentially useful for battlefield reconnaissance. Yamaha's website also indicates that the RMAX series is capable of carrying two aerosol dispenser cassette tanks with a capacity of 12 liters each.[3,5] Such tanks are intended for agricultural use, but could theoretically be adapted to disperse biological or chemical weapon agents. These capabilities point to the dual-use nature of these unmanned vehicles.

Since January 2005, unmanned civilian aircraft capable of carrying and delivering more than 20 liters (and potentially useful for delivery chemical or biological warfare agents) have been controlled by Japan's export control regulations.[7] This change to the Japanese control list was in accordance with additions to the MTCR's Equipment, Software and Technology Annex, which calls for the control of unmanned aerial vehicle systems with autonomous flight control and navigation capabilities and aerosol dispensing systems with a capacity greater than 20 liters.[8]

As the investigation has progressed, investigators claim that the violations appear to have occurred in part due to significant deficiencies in Yamaha's internal export control compliance program. Japanese authorities charge that Yamaha's unit in charge of export control compliance ignored instructions from METI and that company officials did not follow internal compliance procedures with regard to these exports. As a result of these deficiencies, on January 11, 2006, METI revoked Yamaha's "Comprehensive Export License." [9] *[Editor's Note: Comprehensive licenses allow an exporter to provide multiple shipments of goods or technologies to the same customer under a single license. These licenses have set time limits and must be renewed.]*

The investigation into Yamaha's activities continues. Accusations against the company have already caused significant uproar in Japan, because they point to a general lack of awareness of export control compliance and a failure by Japanese firms to recognize the reach of the Chinese military into Japan's civilian industry. The *Observer* will provide updates on this investigation as information becomes available.

#### *Illicit Exports of Precision Measurement Machines*

A subsequent revelation of illicit trafficking by Japan's largest manufacturer of high-tech precision measuring machines has further highlighted problems with export control compliance by Japanese companies. On February 13, 2006—three weeks after the launch of the investigation of Yamaha—the Tokyo Metropolitan Police Department raided Mitutoyo Corporation in Kawasaki, Kanagawa prefecture, on suspicion that the company illegally exported three dimensional precision-measuring machines and operating software that could aid in the manufacturing of centrifuges capable of enriching uranium, potentially to weapons grade quality. According to

police officials, Mitutoyo exported these machines to Japanese subsidiaries in China and Thailand in 2001 and 2002 without obtaining permission from METI, in violation of the *Foreign Exchange and Foreign Trade Control Law*. [10] This story is still developing and additional information will be provided as it becomes available.

*Editor's Note: While there is no evidence that Mitutoyo machines exported to China and Thailand were converted to military use or transferred to entities in third countries, in the past Mitutoyo has been accused of illicit high-tech transfers. During inspections in Libya, held between December 2003 and March 2004, IAEA personnel found Mitutoyo measuring machines at a nuclear-related facility. These machines were reportedly shipped to Libya through the Malaysian company Scomi Precision Engineering (SCOPE), which was involved in the A.Q. Khan's nuclear procurement network. [11,12]*

Sources: [1] "Yamaha Motor Co., Ltd. Accused of Violation of the Foreign Exchange and Foreign Trade Law," Japanese Ministry of Economy, Trade and Industry website, January 23, 2006, <<http://www.meti.go.jp/press/20060123002/yamaha-set.pdf>>. [2] "Yamaha Suspected of Having Shipped Chopper to Army-Linked Chinese Firm," Tokyo Kyodo World Service, January 28, 2006 in FBIS document, JPP20060128969010. [3] "One of 11 Yamaha Helicopters Exported to PRC Sent to PLA-Affiliated Firm," *Tokyo Yomiuri Shimbun*, January 28, 2006; in FBIS document, JPP 20060128045001. [4] "Yamaha Sells Helo to PLA-Linked Firm; Gets Huge Rebates from Another Firm," *Asahi Shimbun*, January 30, 2006; in FBIS document JPP20060130023001. [5] Yamaha website Industrial Unmanned Helicopters' page, <<http://www.yamaha-motor.co.jp/product/sky/lineup/application/index.html>>. [6] "Yamaha's RMAX - the Worlds Most Advanced Non-military UAV," *Gizmag*, November 19, 2004, <<http://www.gizmag.com>>. [7] "Cabinet Order to Amend the Foreign Exchange Order and Export Control Order," METI website, November 10, 2004, <<http://www.meti.go.jp/policy/ampo/moto/topics/seirei-kaisei/seireisinkyu.pdf>>. [8] MTCR Equipment, Software and Technology Annex <<http://www.mtrc.info/english/Annex2005-002.pdf>>. [9] "Japanese Made, Unmanned Helicopters May be in Hands of Chinese Army," *Mainichi Shimbun*, January 23, 2006, <<http://www.mainichi-msn.co.jp/>>. [10] "Maker Raided on Exports of Machine with Possible Nuke Use," Tokyo Kyodo World Service, February 13, 2006; in FBIS Document JPP20060213969033. [11] "Kakuseizoukiki no fuseiyushutsu de Mitutoyo sousa, zenyuu kaimei he" (Maker raided for illegal exports of machines for possible nuclear weapons production), *Yomiuri Shimbun*, February 13, 2006. [12] "Japanese Instruments Discovered in Libyan Nuclear Facility," *Asian Export Control Observer*, October/November 2004, pp.8-9 <<http://cns.miis.edu/pubs/observer/asian/index.htm>>.

#### **Turkey Prepares to Prosecute Nuclear Smugglers**

*by Nilsu Goren, Center for Nonproliferation Studies*

On January 17, 2006, the leading Turkish newspaper *Sabah* reported that the Turkish Customs Inspection Directorate General forwarded a report on November 29, 2005, on the role of various Turkish companies in the Libyan nuclear program to the Istanbul Chief Prosecutor's Office.[1] In the report, Chief Inspector Mehmet Eryilmaz asked the prosecutor to bring an indictment against Selim Alguadis, president of Elektronik Kontrol Aletleri (EKA), and his partners Zubeyir Baybars Cayci, Ertugrul Sonmez, as well as against Swiss businessman Marco Tinner, in compliance with Article 6 (Organized Smuggling Endangering State and Public Security)

of the Turkish Anti-Smuggling Law. Conviction on this charge stipulates punishments of up to 20 years imprisonment, as well as additional monetary fines, depending on the value of the illicit transaction.[2] The prosecution of this case is anticipated to start soon.

According to a December 8, 2005 story published in the Turkish daily newspaper *Milliyet*, IAEA inspectors investigating the now-defunct Libyan nuclear program discovered equipment valued at US\$10 million that had been exported by Turkish firms for the A.Q. Khan nuclear smuggling network. This equipment included 6,992 centrifuge motors, 912 bottom caps, and 19,447 ring magnets, all of which can be used in high-speed centrifuges for enriching uranium, potentially to the levels required for nuclear weapons.[2] The report by the Customs Directorate's Inspector General indicated that "according to the U.S. Department of Energy, the 6,992 centrifuge motors supplied by the Turkish firms... could be used in manufacturing enough enriched uranium to produce 7 nuclear weapons a year." [1]

A June 8, 2005 article by *Milliyet* indicated that A.Q. Khan and the entities that worked with him had arranged for the acquisition of dual-use nuclear equipment related to uranium enrichment from German firms. The equipment was then shipped to Turkey in order to circumvent German export control requirements, which are less strict for items sent to Turkey, a NATO ally and member of the Nuclear Suppliers Group. From Turkey, the items were transshipped to Dubai (United Arab Emirates) and Pakistan, with some items forwarded to the Malaysian firm SCOPE, which then prepared these items for use in Libya's nuclear program.[3]

*Editor's Note: Marco Tinner, his brother Urs, and their father Freidrich are all currently being held in custody awaiting trial in Switzerland for violating domestic export control laws. Marco Tinner is the owner of the Swiss firm Traco, which shipped uranium enrichment equipment to the Malaysian firm SCOPE. Urs Tinner worked as a consultant at SCOPE. Freidrich Tinner is a longtime associate of A.Q. Khan and reportedly shipped items via Dubai for Khan's network. For a recent overview of the Tinner cases, see "Disclosures of Illicit Supply Networks Expose Weaknesses in European Export Control Systems," International Export Control Observer, December 2005/January 2006, p. 16, <<http://cns.miis.edu/pubs/observer/index.htm>>.*

Sources: [1] "Nukleer kacakçilikla suçlanan iki Turk" (Two Turks Accused of Nuclear Trafficking), *Sabah*, January 17, 2006, <<http://www.sabah.com.tr>>.

Detailed information about the Libyan nuclear program can be found in: Sammy Salama, "Companies Reported to Have Sold or Attempted to Sell Libya Gas Centrifuge Components," Issue Brief, Nuclear Threat Initiative website, March 2005, <[http://www.nti.org/e\\_research/e3\\_60a.html](http://www.nti.org/e_research/e3_60a.html)>.

[2] "Yedi nukleer silahlik malzeme satmislar" (They have sold materials enough for 7 nuclear weapons), *Milliyet*, December 08, 2005, <<http://www.milliyet.com.tr>>. [3] "Libya'ya da Turkiye'den malzeme gonderilmis" (Materials have been sent to Libya from Turkey), *Milliyet*, June 08, 2005, <<http://www.milliyet.com>>.

## Florida Man Prosecuted for Illegal Transportation of Iridium-192 to Bahamas

On January 18, 2006, after a five-day trial, a federal jury in Miami, Florida, convicted Harold J. DeGregory, Jr., on three counts of illegally transporting a hazardous radioactive material and two counts of making a false statement to the U.S. government.[1] A West Palm Beach, Florida native, DeGregory was acquitted of three other counts, which were not disclosed in court documents.[1] On each of the five counts the defendant faces a maximum prison term of five years and up to US\$250,000 in fines. The U.S. District Court Judge Adalberto Jordan, who presided over the court proceedings, scheduled sentencing for April 14, 2006.[1,2,3,4]

According to the federal indictment, DeGregory, president and registered agent of the transportation company H&G Import Export based in Fort Lauderdale, Florida, concluded an agreement with the Bahamas Oil Refining Company (BORCO), based in Freeport, Grand Bahama Island, to transport iridium-192 to and from the Bahamas from July 28, 2003 to November 2, 2004.[2] BORCO acquired the iridium isotope from a U.S. company, which would send it to H&G in Florida; the latter was then responsible for the shipment to the Bahamas. The U.S. supplier of iridium was intentionally not identified in the court papers because it had not violated U.S. laws. According to the terms of the agreement between BORCO and the unnamed U.S. supplier, once the useful life of iridium-192 was spent, the depleted material was to be returned to the U.S. supplier for reprocessing.[1,2,3,4] As an oil refining company, BORCO uses iridium-192 for legitimate industrial radiography purposes, such as inspection of welding seams on pipes.[2]

While neither DeGregory nor his company was licensed, trained or certified to handle, load, transport, carry, or place in air cargo hazardous radioactive material, such as iridium-192, on August 8, 2003, and February 5, 2004, DeGregory flew the materials to Freeport from Fort Lauderdale in a twin-engine Piper Aircraft, Model PA 31-310.[1,2] On each of these occasions he had transported a container, which is sometimes referred to as a "pig," containing an undisclosed amount of iridium-192.[1,2] On October 28, 2004, DeGregory subcontracted the transportation of iridium-192 cargo to Amelia Airways, a local commercial air carrier. DeGregory did not inform the Amelia Airways pilot of the content of the cargo and the pilot flew from Fort Lauderdale to Freeport without realizing that he was violating the law.[1,2] In none of the aforementioned examples did DeGregory submit Hazardous Material Manifest forms to the U.S. Customs and Border Protection officials, as required by law. Furthermore, DeGregory submitted consignment documents that reflected the transportation of cargo but omitted to mention the iridium-192.[1,2]

On November 2, 2004, DeGregory flew from Freeport to Fort Lauderdale Executive Airport with an undisclosed amount of depleted iridium-192 aboard the aircraft. Upon arrival at the airport he proceeded to present to the U.S. Customs and Border Protection officers a customs declaration, which again failed to mention the presence of the dangerous radioactive substance aboard the aircraft. However, when customs officers inspected the aircraft they discovered a container with depleted iridium-192 hidden in a wing compartment.[1,2,3,4] DeGregory was arrested and charged in a Federal Magistrate Court in Miami on August 10, 2005, after a federal grand jury in Fort Lauderdale returned an eight-count indictment charging him with conspiracy to transport and smuggle hazardous radioactive material from the United States to the Bahamas.[2]

*Editor's Note: Iridium-192 is a radioisotope of high security concern. Very small amounts—less than one gram—of this material can be injurious and could serve as the radioactive component of a radiological dispersal device, one type of which is commonly known as a “dirty bomb.”*

Sources: [1] “West Palm Beach Man Convicted on Charges of Illegally Transporting Hazardous Materials,” Official Website of the United States Attorney’s Office for the Southern District of Florida, Press Release, January 18, 2006, <<http://www.usdoj.gov/usao/fls/060118-03.html>>. [2] “West Palm Beach Man Charged For Illegally Transporting Hazardous Materials,” Official Website of the United States Attorney’s Office for the Southern District of Florida, Press Release, August 10, 2005, <<http://www.usdoj.gov/usao/fls/050810-02.html>>. [3] Kevin Deutsch, “Man Found Guilty of Illegally Moving Radioactive Material,” *Palm Beach Post* on-line edition, January 19, 2006, <<http://www.palmbeachpost.com/>>. [4] “Man Convicted of Transporting Hazardous Material into Freeport,” *The Bahama Journal* on-line edition, January 21, 2006, <<http://www.jonesbahamas.com>>.

### Radioactive Sources Discovered in Nakhodka Seaport

Russian media reported that on January 5, 2006, customs officers at the commercial seaport in Nakhodka, Primorsky Krai, in the Russian Far East, detained a truck loaded with scrap metal. Detection equipment showed a considerable radiation level. The scrap metal originating in the town of Bolshoy Kamen, Primorsky Krai, was to be exported by sea to an unidentified foreign destination. According to Albina Golubeva, press secretary of the Nakhodka Directorate of Interior Affairs, the cargo was transported without proper documentation. Examination of the cargo conducted by specialists from the Far Eastern regional center of the Russian Ministry of Emergencies revealed four radioactive gamma sources hidden within a shipment of scrap metal. No explanation was provided by authorities as to how the sources became included in the scrap metal shipment.

According to an unidentified center official, the lead-shielded sources contained cesium-137 and were, most likely, part of special radioisotope equipment used at industrial facilities. The official indicated that the radiation level on the surface of the sources was 2,370 microontgens per hour, while,

according to some press reports, the radiation reached 3,000 microontgens per hour. The official also noted that extraction of the radioactive sources from the objects by individuals without relevant expertise or equipment would have likely resulted in death. At present the seized radioactive sources have been placed in a special storage facility for subsequent disposal in accordance with the existing regulations. An investigation into the case has been launched.[1,2,3]

Sources: [1] Veronika Perminova, “Radioaktivnyy gruz, zaderzhanny v odnom iz portov Primorya, smertelno opasen dlya lyudey – MChS” (Ministry of Emergencies: Radioactive cargo seized in one of the Primorye seaports is poses mortal danger to humans), RIA Novosti, January 10, 2006; in Integrum Techno, <<http://www.integrum.com>>. [2] “Radioaktivnyy gruz zaderzhan v Nakhodka” (Radioactive cargo seized in Nakhodka), Deita.ru news agency, January 10, 2006, <<http://www.deita.ru/>>. [3] “Radioaktivnyy gruz, zaderzhanny v Primorye, perevozili bez dokumentov” (Radioactive cargo seized in Primorye was transported without documents), PrimaMedia news agency, January 10, 2006, <<http://www.primamedia.ru/>>.

## International Assistance Programs

### IAEA Conducts Nuclear Security Training in Niger

On November 30-December 2, 2005, the International Atomic Energy Agency (IAEA) jointly with the National Center for Radioprotection (Centre National de Radioprotection) of the Ministry of Public Health and Fight Against Endemic Diseases of Niger (Ministère de la Santé Publique et de la Lutte Contre les Endémies) organized a three-day training workshop on nuclear security for 21 Nigerien officials, in Niamey, Niger’s capital.[1,2] The workshop participants included customs officials, border guards, and police officers from the Niamey Airport and from across the country, including the following municipalities: Torodi, Ayorou, and Makalondi (Tillaberi region); Galmi, Madaoua, and Konni (Tahoua region); Matameye, Magaria, and Dan Barto (Zinder region); Arlit (Agadez region); and Dan Issa (Maradi region).[2]

One of the main objectives of the training course was to improve coordination between relevant Nigerien government agencies in controlling illegal trafficking of nuclear materials, which is of particular importance for Niger, as it is a uranium-producing country. [Editor’s Note: Niger exports about 3,000 tons of purified uranium, known as “yellowcake,” a year, mostly to France, Japan and Spain.] During the workshop, participants learned how to handle radioactive materials and gained insights into how to detect trafficking of nuclear materials.[1] Other items on the workshop’s agenda included security of radioactive sources; identification of containers that might store nuclear materials through recognition of packaging techniques; safety and security of radioactive sources during transport; and review of Nigerien laws and

regulations governing radioactive and nuclear materials.[3] In his opening remarks, Nigerien Minister of Public Health Ary Ibrahim noted that the importance of uranium “in the socio-economic development of our country should not make us lose sight of risks, which can derive from handling [it].”[1]

In a related development, on February 16, 2005, the Nigerien government submitted a written notification to the IAEA indicating that Niger’s statutory and constitutional requirements had been completed for the entry into force of the safeguards agreement signed by both sides on June 11, 2002. This implies that Niger is now covered by the provisions of the IAEA safeguards agreement, requiring it to report transfers of yellowcake to the IAEA.[4]

Sources: [1] “Niger Guards Get Nuclear Training,” Reuters, December 1, 2005. [2] CNS e-mail communication with the Director of the Centre National de Radioprotection (CNRP) of Niger, Dr. Niandou Aissata, February 15, 2006. [3] CNS e-mail communication with the Director of the Centre National de Radioprotection (CNRP) of Niger, Dr. Niandou Aissata, February 8, 2006. [4] “Agreement between the Republic of Niger and the International Atomic Energy Agency for the Application of Safeguards in Connection with the Treaty on the Non-Proliferation of Nuclear Weapons,” IAEA, Information Circular (INFCIRC) No.664, January 24, 2006. <<http://www.iaea.org/Publications/Documents/Infcircs/2006/infirc664.pdf>>

### U.S. Government Trains Albanian First Responders

On December 9, 2006, the U.S. Embassy in Tirana, Albania, announced that the U.S. Department of State’s Bureau of Diplomatic Security held a training program to prepare first responders for incidents involving chemical, biological, or radiological weapons. The 167 participants included members of the Albanian military and police force, and medical and emergency response personnel. The Department of State’s Antiterrorism Assistance (ATA) Program sponsored the training.[1] The ATA, administered by the Office of Antiterrorism Assistance, was initiated in 1983 to help developing nations increase their capacity to protect national borders, critical infrastructure, and national leadership, to respond to and resolve terrorist incidents, and manage critical terrorist attacks with national-level implications. To meet these goals, the ATA has developed over thirty different courses divided into four functional categories: crisis prevention, crisis management, crisis resolution and investigations. As of 2003, the ATA had trained over 36,000 students from 49 different countries.[2]

Sources: [1] “U.S. Department of State Hosts Training on WMD Response,” Embassy of the United States of America, Tirana, Albania, Press Release, December 9, 2005, <<http://www.usemb-tirana.rpo.at>>. [2] U.S. Department of State, “The Antiterrorism Assistance Program: Report to Congress for Fiscal Year 2004,” Report No. 11226, February 2005, <<http://www.diplomaticsecurity.org/library/annualrpt/annual2congress.pdf>>.

### NIS Export Control Assistance Round-up

In late 2005 and early 2006, the United States and Germany made significant contributions to strengthening border security in Kyrgyzstan, Tajikistan and Turkmenistan. Considering that Tajikistan borders Afghanistan and that Turkmenistan shares

borders with both Afghanistan and Iran, these countries represent important potential transit points for sensitive material and technologies. This article presents a brief overview of assistance projects that occurred from late 2005 to the middle of February 2006.

#### *Kyrgyzstan*

On November 30, 2005, a ceremony attended by U.S. Ambassador in Kyrgyzstan Marie Yovanovitch, Deputy Prime Minister of the Kyrgyz Republic Adakhan Madumarov, Director of the State Customs Inspectorate Sarsen Omarkulov, and Deputy Chief of the Border Troops under the National Security Service (SNB) Sadyrbek Dubanaev marked the opening of a newly refurbished customs checkpoint at Ak-Tilek (Chuyskaya Oblast, Kyrgyzstan) at the Kyrgyz-Kazakh border. The facility’s modernization cost US\$1 million and was funded by the U.S. Department of State’s Export Control and Related Border Security (EXBS) Program. In addition, the new checkpoint received 16 Russian-made Niva all-terrain vehicles, portable radio transmitters, a generator, computers, truck scales, and other equipment. Ak-Tilek is the third customs checkpoint to be modernized with U.S. assistance, after the Kyzyl-Bel (Batken Oblast) and Karamyk (Osh Oblast) checkpoints.[1,2,3]

#### *Tajikistan*

On November 9, 2005, the German Embassy in Dushanbe, Tajikistan and the German Federal Criminal Investigation Office (Bundeskriminalamt-BKA) donated eight sets of optical devices worth US\$100,000 to Tajik border guards. German Ambassador to Tajikistan Hans Ulrich Seidt, BKA Liaison Officer Tomas Hausberger and the head of Tajikistan’s State Border Protection Committee (SBPC) Saidamir Zhukhurov attended the ceremony that was held at the SBPC headquarters in Dushanbe. Most of the donated equipment will be assigned to the Tajik-Afghan border.[4,5]

On December 29, 2005, the U.S. EXBS Assistance Program provided the Tajik SBPC with US\$750,000 worth of equipment, including computer systems, night vision devices, radiation pagers, generators, radio frequency scanners, and much-needed winter uniforms. This is the first part of a US\$1.2 million project with the Government of Tajikistan. The second part of the project consists of summer and winter uniforms worth US\$450,000, to be delivered to Tajikistan in early spring 2006. Tajik Border Guard Colonel Nilobek Subadurov and EXBS program advisor in Tajikistan Paul Shott attended the donation ceremony. Mr. Shott stated that the EXBS program has provided Tajikistan with over US\$7.5 million in equipment and training since 2002.[6,7]

In a related development, on January 2, 2006, the U.S. government began a US\$3 million airlift of winter supplies and equipment to assist the Tajik Border Guards. Food, winter uniforms, medical supplies, tents, and other supplies were delivered over the span of a few weeks. The first shipment

delivered to the Dushanbe International Airport by U.S. Air Force C-130 aircraft from Afghanistan consisted of 100,000 ready-to-eat *halal* meals. [Editor's Note: *Halal meals are prepared in accordance with the Muslim faith.*] The U.S. Chargé d' Affaires, Thomas Armbruster and Head of the Tajik Border Guard International Relations Department, Erkin Tojibaev attended the ceremony marking the donation. At the request of the Tajik government, the winter supplies and equipment will be delivered directly to the border posts in order to immediately assist the Tajik border guard units this winter.[8,9]

On January 26, 2006, U.S. Ambassador to Tajikistan Richard E. Hoagland and Chairman of the SBPC, General Saidamir Zukhurov, opened a new, U.S.-funded border crossing point at Tursun-Zadeh. The "Bratsvo" (Brotherhood) checkpoint facility on the border between Uzbekistan and Tajikistan meets all international standards and is fully equipped with state-of-the-art computers and passport readers, which allow for real-time transmission of information on border crossings to all applicable Tajik agencies. The checkpoint's compound also includes a dormitory, office space, and dining facilities for the assigned border guards.[10,11]

#### Turkmenistan

On November 22, 2005, nine UAZ jeeps, three GAZ water trucks, and radio equipment worth US\$838,000 were donated to Turkmenistan's State Border Service under the aegis of the EXBS assistance program. U.S. Ambassador to Turkmenistan Tracey Ann Jacobson, the Deputy Chief of Turkmenistan's State Border Service Colonel Rahmanberdi Annasahatov, and EXBS program Advisor in Turkmenistan Michael Kirk attended the donation ceremony.[12]

Sources: [1] "Posolstvo SShA peredaet dlya tamozhennikov modernizirovannyi punkt propuska" (U.S. Embassy transferred a modernized checkpoint to the customs officials), AKIpress News Agency (Kyrgyzstan), November 29, 2005, <<http://www.akipress.org>>. [2] Tatyana Orlova, "Brendi ne nado-sluzhbu davai" (I do not need your brandy—give me a job), *Moya stolitsa* (Kyrgyzstan), December 2, 2005, <<http://www.msn.kg>>. [3] "Delo na million dollarov" (Deal worth one million dollars), *Vechniy Bishkek* (Kyrgyzstan), December 1, 2005; in Integrum Techno database, <<http://www.integrum.com>>. [4] "Pomochsh Germanii tadjzhikskim pogranichnikam" (German assistance to Tajik border guards), Khovar News Agency (Tajikistan), November 10, 2005, <<http://www.khovar.tj>>. [5] "Tadjzhikskie pogranichniki poluchili v podarok opticheskie sredstva" (Tajik border guards received optical devices as a gift), REGNUM News Agency (Russia), November 9, 2005, <<http://www.regnum.ru>>. [6] "United States New Year Present to Tajik Border Guards," December 29, 2005, Tajikistan Development Gateway (TDG), <<http://www.tajik-gateway.org>>. [7] "Tadjzhikskie pogranichniki poluchili novogodniy podarok on SShA" (Tajik border guards received a New Year's present from the USA), REGNUM News Agency (Russia), December 29, 2005, <<http://www.regnum.ru>>. [8] "Pomochsh SShA tadjzhikskim pogranichnikam" (U.S. assistance to Tajik border guards), Khovar News Agency (Tajikistan), January 5, 2006, <<http://www.khovar.tj>>. [9] "United States Provides \$3 Million to Assist Tajik Border Guards," U.S. Embassy in Dushanbe, Tajikistan, Press Release, January 2, 2006, <[http://dushanbe.usembassy.gov/pr\\_010206.html](http://dushanbe.usembassy.gov/pr_010206.html)>. [10] "United States Funds State-of-the-Art Border Crossing for Tajik Border Guards," U.S. Embassy in Dushanbe, Tajikistan, Press Release, January 26, 2006, <[http://dushanbe.usembassy.gov/pr\\_012606.html](http://dushanbe.usembassy.gov/pr_012606.html)>. [11] "Novyi KPP tadjzhikskikh pogranichnikov" (New checkpoint of the Tajik border guards),

Khovar News Agency (Tajikistan), January 27, 2006, <<http://www.khovar.tj>>. [12] "U.S. Government Donates Border Security Equipment to Turkmenistan," U.S. Embassy in Ashgabat, Turkmenistan, Press Release, November 22, 2005, <<http://ashgabat.usembassy.gov/pr147.html>>.

## Summaries from the Regional Press

### Georgian Law Enforcement Officials Discover Missile Cache and MANPADS

On December 11, 2005, Georgian border guards discovered a large arms cache in the forest close to the village of Barisakho (Dusheti district, Mtskheta-Mtianeti region) in the mountainous northeastern part of Georgia. Agents from Barisakho's border guards regional unit were on a foot patrol when they found the buried cache containing 38 unguided NURS-type missiles and 13 handmade missile launchers. [Editor's Note: *The Russian military abbreviation NURS stands for 'nepravlyaemiye reaktivniye snariyady', which means "unguided self-propelled missiles." The flight trajectory of these missiles cannot be changed once they are launched. No information on the missiles' flight range was available through open sources at the time of publication.*][1,2,3,4]

According to Badri Bitsadze, the head of Georgian State Border Guards Department, the seized weapons were transported to Tbilisi on December 12, 2005, for further examination and placement in permanent storage at an ammunition depot.[1,2] According to reports, not yet confirmed by Georgian authorities, it is suspected that the arsenal had been buried by Chechen rebels before they returned to Chechnya from Georgia.[1] Barisakho is located close to the Chechen section of the Georgian-Russian border and in recent years it has witnessed frequent cross-border incursions by groups of Chechen rebels. The Pankisi Gorge, which was once used by the Chechen rebels, is located east of the village of Barisakho .[1,2,3,4]

*Editor's Note: The security situation in the Pankisi Gorge has been a recurring strain on Georgian-Russian relations. In 2000-2001, several thousand Chechen refugees, along with between 400 and 800 Chechen rebels, crossed into Georgia from Russia and settled in the Pankisi Gorge. The Chechens chose this area because it is mainly populated by the Kistin ethnic minority who shares a common language root—Vainakh—with the Chechens and have always been supportive of their ethnic kin across the border. The Pankisi Gorge is a remote and isolated area and at the time the Georgian government exercised little control over this rugged terrain. From Russia's point of view the isolated area represented a "safe haven" for Chechen rebels, who could regroup in the gorge by blending in with the local population and Chechen*

refugees. Moscow mounted a vigorous political campaign urging Tbilisi to reestablish law and order in the Pankisi Gorge and even threatening preventive strikes against alleged facilities of Chechen rebels there. The Georgian government responded by launching a series of comprehensive security operations in the gorge beginning in August 2002. Since then, Georgian law enforcement and special operations forces have succeeded in fully restoring law and order in the Pankisi Gorge, while the Chechen rebels have either returned to Chechnya or surrendered their weapons and gone abroad. Those returning to Chechnya often buried stockpiles of weapons and ammunition in and around the Pankisi Gorge. The find near Barisako may be one of these abandoned stockpiles.[1]

In another development, on February 2, 2006, an unidentified fisherman discovered an Igla-type man-portable air defense system (MANPADS) in a river in the Kareli district, a central part of Georgia that borders on the secessionist province of South Ossetia.[5,6] [Editor's Note: The U.S. equivalent of the Russian-made Igla MANPADS is the Stinger missile.][5] The fisherman immediately notified the Georgian Ministry of Internal Affairs, who dispatched officers to the scene. After examining and photographing the recovered surface-to-air shoulder-launched missile, the Georgian law enforcement officials destroyed it in a controlled explosion. The launcher was found fully operational directly beneath one of Georgia's central air routes used by both civilian and military aircraft. Georgian Minister of Internal Affairs Vano Merabishvili stated that he believed that the terrorists, who he accuses of having links to South Ossetian separatists, decided to discard the launcher because of the poor visibility or inclement weather conditions.[5,6] [Editor's Note: Typically, MANPADS equipped with infrared sensors have a range of approximately a 4-mile radius from where aircraft take off or land and up to about 20,000 feet in altitude. Thus commercial airliners using this route over Georgia that fly at altitudes of less than 20,000 feet could be vulnerable to the Igla system, although many such aircraft fly well above this level. Commercial aircraft are considered at greatest risk from MANPADS during take-off and landing.]

Georgian law enforcement officials launched a criminal investigation to determine the origin of the Igla missile launcher and what its intended target may have been. The investigators have already ruled out the possibility that the missile launcher was stolen from the Georgian armed forces, because, as the Georgian Defense Minister, Irakli Okruashvili explained, "We do not have this kind of weapon in our arsenal. It is a Russian-made weapon." [5] Although the serial numbers and other manufacturing markings on the seized launcher had been crudely scratched off, the close-up photos taken prior to its destruction will allow experts to determine the origin of the weapon, Merabishvili said. In his comments to the media, Mr. Merabishvili directly appealed to the intelligence services in foreign countries to assist Georgia in

investigating this incident.[5,6] In particular, on February 3, 2006, Mr. Merabishvili stated: "I address all our partners—Russia, the United States, Germany, France, the United Kingdom and Turkey—to jointly find out how this system ended up in the Kareli region, close to a conflict zone." [5]

In response to the incident and the claims by the Georgian officials, the Russian Ministry of Foreign Affairs issued an official statement on February 4, 2006, reminding Georgia that Moscow "repeatedly invited Georgia to cooperate on issues of illegal trafficking in MANPADS within the CIS space," but these proposals never raised any interest in Tbilisi.[7] Moreover, the statement accused Georgia of taking no action to implement the CIS Council of Heads of State decision on measures to control the Igla- and Strela-type MANPADS, which was adopted on September 29, 2003.[5,7] The Russian statement also highlighted the fact that Tbilisi failed to respond to the multilateral CIS draft agreement on procedures for the exchange of information on sold and purchased MANPADS, and that Georgian representatives did not attend the "traditional consultations on export controls and nonproliferation held in Moscow in December 2005." During that meeting, participants discussed controls over sensitive goods and technologies, including proposals to strengthen control over circulation and storage of MANPADS under the Wassenaar Arrangement.[7] In conclusion, the Russian Ministry of Foreign Affairs expressed hope that "after preventing a possible terrorist act involving an Igla [missile launcher], Tbilisi will take more seriously the invitations to join multilateral efforts in the CIS space for eliminating the threat posed by such weapons." [7]

The separatist leaders of South Ossetia, in turn, issued statements denouncing the discovery of the Igla MANPADS in the Kareli district as a staged event aimed at raising public support for Georgian President Mikheil Saakashvili.[5]

*Editor's Note: After a brief and bloody war in 1992, the region of South Ossetia declared independence from Georgia. Although unrecognized by the international community, the separatist authorities of South Ossetia enjoy de facto independence and the central government of Georgia does not control the territory of this secessionist province.[6]*

Sources: [1] "V lesu na granitse Gruzii i Rossii naydeny NURS y ustanovki dlya ikh zapuskov" (NURS-type unguided missiles and missile launchers found in forest on the border between Georgia and Russia), NEWSru.com, December 12, 2005, <<http://www.newsru.com>>. [2] "Georgian Troops Find Weapons Stash Near Chechen Border," Radio Free Europe/Radio Liberty, December 12, 2005, <<http://www.rferl.org>>. [3] "Anti-Aircraft Missiles Found in Mountainous Georgia," Prime-News, December 12, 2005, <<http://eng.primenewsonline.com>>. [4] "Pogranichniki obnaruzhili taynik snaryadov" (Border guards find missile cache), Civil Georgia, December 12, 2005, <<http://www.civil.ge>>. [5] "In Mystery, Missile Launcher Found along Air Route," *The Messenger*, February 6, 2006, <<http://www.messenger.com.ge>>. [6] "Georgia Says it Foils Terrorist Plot to Down Plane," Reuters, February 4, 2006. [7] "Russian MFA Information and Press Department Commentary Regarding Reports of an Igla MANPAD Found Near the Zone of Georgian-Ossetian Conflict," Ministry of Foreign

Affairs of the Russian Federation, Information and Press Department, Press Release 143-04-02-2006, February 4, 2006, <[www.mid.ru](http://www.mid.ru)>.

### Russian General Reports WMD Blueprints Found in Chechnya, Complains of U.S. “Double Standards”

At a press conference in Moscow on December 1, 2005, Chief of the Russian General Staff, General Yuriy Baluyevskiy, announced that blueprints describing the technology for producing “radioactive [dirty bombs], chemical and biological weapons” had been found in Chechnya. The general provided no further details regarding the origin or contents of the blueprints. Baluyevskiy emphasized that Russia must upgrade its system of protection against such weapons.[1,2,3,4] According to Baluyevskiy, the creation of a unified system of “radiation, chemical and biological intelligence” involving all member states of the Commonwealth of Independent States (CIS) could be one such preventive measure of particular value.[2]

Speaking at the same press conference regarding Russian-U.S. cooperation on WMD nonproliferation, General Baluyevskiy identified several areas of cooperation as high-priorities in the fight against terrorism. These included strengthened controls over man-portable air-defense systems (MANPADS) and the exchange of intelligence data to help eradicate funding sources for terrorism and curb illegal arms trafficking.[2] However, Baluyevskiy complained that while the Russian side takes this cooperation seriously both on bilateral and multilateral levels, the cooperation is clouded by U.S. “double standards.” According to the general, the United States demands full transparency from a number of countries with regard to their nuclear programs, while turning a blind eye towards Israel’s “impressive” nuclear arsenal. Baluyevskiy continued by stating that Washington applies the same double standards in other fields, such as missile technology control. He accused the United States of using the Missile Technology Control Regime (MTCR) as a means to defend its own national interests and engage in unfair competition in the high-technology market by putting pressure on potential competitors, including Russia. At the same time, the United States actively cooperates with allies, such as Israel and South Korea, in this field, Baluyevskiy pointed out. He also claimed that Russia possesses technologies to create strategic missiles capable of penetrating existing and prospective anti-ballistic missile systems. Baluyevskiy noted, however, that the launch of the industrial-scale production of these “very costly” weapons would depend on the global security situation. [3,5]

Speaking about Russia’s relations with NATO, General Baluyevskiy said that currently there are neither “antagonistic nor ideological contradictions” between the two sides like those that existed during the Cold War.[5] Baluyevskiy also pointed out that in 2006, as part of multilateral efforts to prevent illicit trade in weapons of mass destruction, Russia will join the United States, the United Kingdom, France, and

Turkey in interdiction exercises in the Mediterranean Sea, to be held under the auspices of the Proliferation Security Initiative. However, he said, “the remnants of old thinking” create problems for the Russia-NATO partnership from the Russian point of view.[2] According to the Russian general, NATO’s efforts to integrate former Soviet republics into its structures is meant to weaken the CIS, thus forcing Russia to defend its national interests in the former Soviet Union. Baluyevskiy, however, did not provide any specifics on what this might entail.[3,5] He also claimed that at present about 200 foreign mercenaries, including some from NATO member states, fight against Russian troops in Chechnya.[2,4]

*Editor’s Note: The Commonwealth of Independent States (CIS) was created in 1991, as an alliance of independent states. The CIS includes 12 of the 15 former Soviet Republics: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.*

Sources: [1] “V Chechne naydeny dokumenty s tekhnologiyey sozdaniya ‘gryaznogo’ oruzhiya” (Documents describing the technology for creating ‘dirty’ weapons found in Chechnya), RIA Novosti, December 1, 2005, <<http://www.rian.ru>>. [2] “Rossiya predlagayet Zapadu rasshirit sotrudnichestvo v borbe s terrorizmom” (Russia offers the West to expand cooperation in fighting terrorism), Voice of Russia, December 2, 2005, <<http://www.vor.ru>>. [3] Stepan Kostin, “Genshtab: ‘My budem otstaivat svoj interesy’” (General Staff: “We will defend our interests”), KM.ru, December 2, 2005, <<http://www.km.ru>>. [4] “V Chechne naydeny dokumenty s tekhnologiyey sozdaniya ‘gryaznoy bomby’” (Documents describing the technology for creating a ‘dirty bomb’ found in Chechnya), Vesti.ru, December 1, 2005, <<http://www.vesti.ru>>. [5] “Glava Genshtaba Rossii raskryl voyennyye sekrety Izrailya” (Russia’s General Staff chief disclosed Israel’s military secrets), Cursor news agency (Israel), December 2, 2005, <<http://cursorinfo.co.il/>>.

### Radioactive Material Stolen in Venezuela

In December 2005-January 2006, Venezuelan authorities announced that two additional incidents of radioactive material theft occurred at the end of 2005. Although the material was eventually recovered, these cases are the latest in a series of incidents highlighting the challenges that the Venezuelan government faces in securing radioactive materials.

On January 4, 2006, Venezuelan public safety officials announced that a capsule containing radioactive material had disappeared the preceding week from the B.J. Servicios oil company’s facility in the northeastern state of Anzoategui. According to investigators, the capsule, designed for use in oil prospecting, contained cesium-137.[1] On January 9, the chief of the Venezuelan Civil Defense, Antonio Rivero, told the ABN state news agency that the Venezuelan police recovered the item in the same area where it had been stolen. According to the official, no arrests were made in connection with the incident. Experts from the nuclear affairs department of Venezuela’s Energy Ministry dispatched to collect the capsule did not find traces of radioactive contamination.[2]

On December 18, 2005, a truck with a radioactive capsule containing iridium-192 was stolen in the central-western state of Yaracuy. Venezuelan authorities warned of a radiation hazard and launched a nationwide search for the device stored in a lunchbox-sized protective container that was used for industrial radiography, such as to detect faults in underground oil pipes. Speaking on the Venezuelan state television, Angel Diaz, director of nuclear affairs at the Energy Ministry, asked the thieves to return the potentially deadly device and urged the population to inform the authorities if they found it. While Diaz said he could not rule out the use of the capsule for “malicious purposes,” Civil Defense Chief Antonio Rivero suggested the motive was a simple truck theft.[3]

A few weeks later, on December 29, 2005, Venezuela’s Interior and Justice Ministry issued a statement saying that “the radioactive capsule was found in Yaritagua, Yaracuy State, thanks to the intelligence work of the National Guard.” According to the statement, a police detective, two state security agents, and a salesman were arrested in connection with the theft, but the Ministry did not provide any further details on the incident nor did they mention a possible motive.[4]

Several similar incidents occurred earlier in 2005. In September 2005, an undetermined number of containers filled with capsules of radioactive cesium-137, used by the Venezuelan Health Ministry to treat uterine cancer, were stolen from the Metropolitan Mayorality storeroom in the Cementerio zone of Caracas. In two separate incidents in March and April 2005, capsules of radioactive iridium-192 disappeared from a barge on Lake Maracaibo and from the back of a truck in the state of Monagas.[5]

*Editor’s Note: The materials involved in all of these cases are potentially suitable for use in a radiological dispersion device (RDD), or “dirty bomb.” Although the press reports cited did not specify the quantity of radioactive material involved in each instance, sources of the type mentioned are usually sufficiently powerful to be of concern in this regard.*

Sources: [1] “Radioactive Capsule Missing in Venezuela,” VOA News, January 4, 2006, <<http://voanews.com>>. [2] “Venezuela Police Find Stolen Radioactive Unit,” Reuters, January 9, 2006, <<http://www.alertnet.org>>. [3] “Truck with Radioactive Capsule Stolen in Venezuela,” Reuters, December 19, 2005, <<http://www.alertnet.org>>. [4] “Venezuela Recovers Stolen Radioactive Capsule,” Reuters, December 29, 2005, <<http://www.alertnet.org>>. [5] “Cesium-137 Capsules Stolen in Venezuela,” *International Export Control Observer*, November 2005, p. 15, <<http://www.cns.miis.edu/pubs/observer/index.htm>>.

## Embargoes and Sanctions Regimes

### **United States Steps Up Pressure on Iran WMD Programs Through Sanctions**

Between late December 2005 and early January 2006, the U.S. government sought to increase pressure on Iran by imposing sanctions on entities reportedly involved in Iran’s suspected weapons of mass destruction (WMD) programs. A first round of penalties focused on the imposition of nonproliferation sanctions on nine foreign companies allegedly aiding Tehran’s WMD programs. A second round of sanctions targeted companies inside Iran for their suspected involvement in Tehran’s nuclear program.

On December 23, 2005, the U.S. government imposed the first set of penalties when it sanctioned one Austrian company, six Chinese companies, and two Indian companies under the *Iran Nonproliferation Act of 2000* (now known as the *Iran and Syria Nonproliferation Act*) for transfers of materials with “the potential to make a material contribution to the development of” Iran’s WMD or missile programs.[1] U.S. State Department spokesman Adam Ereli said that the sanctions were based on “credible information,” though he declined to list any specifics relating to either the items involved or the nature of the violations.[2]

Pursuant to Sections 2 and 3 of the *Iran Nonproliferation Act of 2000* (INA), the following entities—and their successors, sub-units, and subsidiaries—were sanctioned for “the transfer to Iran since January 1, 1999, of equipment and technology controlled under multilateral export control lists”: Steyr-Manlicher GmbH (Austria); China Aero-Technology Import and Export Corporation, CATIC (China); China North Industries Corporation, NORINCO (China); Hongdu Aviation Industry Group, HAIG (China); LIMMT Metallurgy and Minerals Company Ltd. (China); Ounion (Asia) International Economic and Technical Corporation Ltd. (China); Zibo Chemet Equipment Company (China); Sabero Organic Chemicals Gujarat Ltd. (India); and Sandhya Organic Chemicals PVT Ltd. (India).[1] The sanctions, which will last for two years, prohibit U.S. firms from acquiring export licenses to sell goods to the companies in question and ban these companies from doing business with the U.S. government.

The announcement also rescinded sanctions imposed September 23, 2004, on Indian nuclear scientist Dr. Chaudhary Surendar.[1] While the Indian government said that the removal “vindicates” their position on the matter, New Delhi also called on the United States to remove sanctions still in place against a second Indian nuclear scientist, Dr. Y.S.R. Prasad.[3] Penalties against Dr. Prasad are due to expire September 23, 2006, two years from the date of imposition.

### *Small Arms and Missile Assistance*

In response to the December 2005 announcement, Wolfgang Fuerlinger, the head of the Austrian company Steyr-Mannlicher, called the sanctions “absurd.” He provided additional details of the transfer in question, stating that the company “delivered 800 [rifles] to Iran in December 2004, for which [Mannlicher] had received the required export license from the Interior Ministry. This would have been the start of a larger deal, but the authorities did not approve any further exports even though no Austrian or UN embargo against Iran is in place.”[4] Austrian Interior Ministry spokesman Johannes Rauch contended that the transfer of rifles to Iran was legitimate, although the security spokesman for the Austrian Green Party stated that “the weapons deliveries were illegal.”[4,5] State Department spokesman Erel stated that Washington had received “good cooperation” from the Austrian government and it was possible that the sanctions against Steyr-Mannlicher could be lifted soon.[6]

For its part, the Chinese government called on the United States to “correct [this] wrong practice” and expressed its “strong dissatisfaction and resolute opposition” to the sanctions.[7] Three of the Chinese companies sanctioned—China North Industries Corporation (NORINCO), LIMMT Metallurgy and Minerals Company Ltd., and Zibo Chemet Equipment Company—have been sanctioned previously, most recently in December 2004.[8]

U.S. State Department spokesman Erel defended the sanctions and their legislative mandate by stating that the INA is “an important and effective tool in constraining Iran’s efforts to develop missile and WMD capabilities. It does have an impact ... particularly in alerting governments to activity taking place in their countries, and instituting measures or taking actions to prevent those kinds of activities.”[9] [Editor’s Note: For information on proposed changes to the INA, see “Legislation to Amend Iran Nonproliferation Law Introduced in U.S. Senate,” *International Export Control Observer*, December 2005/January 2006 issue, pp. 29-30.]

### *Chemical Weapon Precursors*

The U.S. assessment regarding the two Indian entities was challenged by the Indian government and by the two Indian chemical companies targeted in the latest round of sanctions. Indian Ministry of External Affairs spokesperson Navtej Sarna stated that New Delhi’s “preliminary assessment is that the transfer of such chemicals is not in violation of [India’s] regulations or [its] international obligations.” Stating that the Indian government’s “commitment to prevent onward proliferation is second to none,” Sarna added that India has “instituted a rigorous system of export controls.” He concluded, “In this context, the imposition of sanctions by the U.S. on our firms, which in our view have not acted in violation of our laws or regulations, is not justified.”[3]

According to the Indian companies, Sandhya Organic Chemicals and Sabero Organics, they exported to Iran phosphorus oxychloride (POCl<sub>3</sub>) and trimethyl phosphate (TMP), respectively. POCl<sub>3</sub> and TMP are on the least restrictive of the three Chemical Weapons Convention (CWC) control lists, Schedule 3, which includes toxic chemicals and chemical weapons precursors that are produced in large quantities for commercial use. In a response posted on the *Arms Control Wonk* weblog (www.armscontrolwonk.com), Snehal Patel, the director of Sandhya Organic Chemicals, stated that the company had “exported approximately 1.5 metric tons [MT] POCl<sub>3</sub> to Iran” and had “taken all necessary documentary permission to export the item as per the CWC.” Patel also noted that Sandhya’s facility had been audited by CWC personnel and that “they found all documents, records, and facility as per their satisfaction.”[10] Citing the fact that both Iran and India are CWC members, Scott Gearity, publisher of the weblog *Export Control Blog* (www.exportcontrolblog.com) stated that there is “no obligation under [the CWC] for the Indian exporter to even obtain an end-use certificate from their Iranian customer, let alone an overarching export prohibition.”[11]

In a press release dated December 29, 2005, Sabero Organics specified that it made “a one time export of 112 MT of TMP in 2003 to Raja Shimi Industrial Manufacturing Centre, Iran, after complying with all the legal requirements.” Because TMP is a Schedule 3 chemical, Sabero Organics stated in its press release that the sanctions are “not justified because Sabero Organics has exported the chemical, after complying with all the legal formalities under the [CWC].”[10]

### *Nuclear-Related Sanctions*

In the second round of penalties targeting Iran’s WMD programs, the Bush administration on January 4, 2006, imposed sanctions on two Iranian companies—Novin Energy Company and Mesbah Energy Company—for their involvement in Iran’s nuclear program.[12] The two companies have ties to the Atomic Energy Organization of Iran (AEOI), which the U.S. government designated as an entity involved in WMD proliferation in June 2005.[12,13]

The actions against Novin and Mesbah were taken under Executive Order 13382, which imposes financial sanctions against WMD proliferators, as well as individuals and entities providing support or services to them.[14] Under the sanctions, U.S. citizens are barred from any transaction with the two companies. The U.S. Department of Treasury’s Office of Foreign Assets Control also ordered domestic banks to freeze these companies’ U.S.-based financial assets.[15]

Novin, which is a subsidiary of AEOI and has the same address as the parent company, has allegedly transferred millions of dollars on behalf of AEOI to entities associated with Iran’s nuclear program.[14] According to the U.S. Department of Treasury, the state-owned Mesbah has

procured products for Iran's heavy-water project.[16] Heavy-water can potentially be used to produce plutonium for nuclear weapons. Iran's civilian nuclear energy program is based on light-water reactors and does not require heavy-water.

The January sanctions were put in place a day after Iranian President Mahmoud Ahmadinejad announced that Iran would resume nuclear fuel research after a suspension of more than two years.[17]

Sources: [1] "Imposition of Nonproliferation Measures Against Foreign Entities, Including a Ban on U.S. Government Procurement, and Removal of Penalties From One Entity," *Federal Register*, December 30, 2005 (Volume 70, Number 250), <<http://www.gpoaccess.gov/fr/index.html>>. [2] Susan Krause, "U.S. Sanctions Nine Companies under Iran Nonproliferation Act," *Washington File*, December 28, 2005, <<http://usinfo.state.gov/is/Archive/2005/Dec/28-303284.html>>. [3] Spokesperson Navtej Sarna, "Press Briefing: On the visit of President of Sri Lanka," Indian Ministry of External Affairs, December 28, 2005, <<http://www.sibernews.com/the-news/sri-lanka/press-briefing-on-the-visit-of-president-of-sri-lanka-200512293176/>>. [4] "Chief of Austria's Mannlicher Company: U.S. Embargo over Iran Deal 'Absurd,'" *Vienna Kurier*, December 29, 2005; OSC Document ID: EUP20051229086008. [5] "US Penalty for Iran Sales 'Wrong,'" *BBC News*, December 28, 2005, <<http://news.bbc.co.uk>>. [6] "US Sanctions against Austrian Company Might Soon Be Lifted Again," *Vienna Die Presse*, December 29, 2005; OSC Document ID: EUP20051229086004. [7] "Foreign Ministry Spokesman Qin Gang's Press Conference on 29 December 2005," December 29, 2005, <<http://www.china-tn.org/eng/fyrth/t228894.htm>>. [8] Bill Gertz, "China Raps Sanctions for Iran Arms Sales," *Washington Times*, December 29, 2005, <<http://www.washtimes.com>>. [9] David Gollust, "US Sanctions Chinese Firms over Iran Sales," *VOA News*, December 27, 2005, <<http://www.voanews.com>>. [10] Jeffrey Lewis, "US Sanctions Indian Firms for Chem Sales," posted on *Arms Control Wonk*, December 29, 2005, <<http://www.armscontrolwonk.com>>. [11] Scott Gearity, "INA Gonna Sanction Somebody," posted on *Export Control Blog*, December 29, 2005, <<http://www.exportcontrolblog.com>>. [12] "U.S. Sanctions Two Iranian Firms for Nuclear Activities," *Deutsche Presse-Agentur*, January 4, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [13] "Executive Order: Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters," Office of the White House Press Secretary, June 29, 2005, <<http://www.whitehouse.gov/news/releases/2005/06/20050629.html>>. [14] "Treasury Employs Financial Sanctions Against WMD Proliferation Supporters in Iran," U.S. Department of Treasury Press Release, January 4, 2006, <<http://www.ustreas.gov/press/releases/js3069.htm>>. [15] Jeannine Avesra, "Administration Moves to Rein in Firms Believed to be Assisting in Weapons Proliferation," *Associated Press*, January 4, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [16] "US Freezes Assets of Two Iran Nuclear Firms," *Agence France Presse*, January 4, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [17] "Iran to Resume Suspended Nuclear Research," *Agence France Presse*, January 3, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>.

### Houston Firm Convicted of Attempting to Ship Alloy Pipes to Iran

LPPAI, LTD., a Houston-based partnership doing business under the name PA, Inc., of Houston, Texas, was sentenced in the U.S. District Court for the District of Columbia on December 16, 2005, after pleading guilty in September 2005 to one count of violating the U.S. Export Administration Regulations (EAR) by attempting to export controlled items without a license. The charges stemmed from an attempt to transfer nickel alloy pipes to entities in Iran.[1,2]

According to the U.S. Department of Commerce Bureau of Industry and Security (BIS), in February 2004, PA, Inc., entered an agreement with a British-based company, Proclad International Pipelines, Ltd., for the sale of specialty alloy pipes. Proclad informed PA, Inc. that the pipes were intended for use in Iran for a gas field development project.[1,2] When PA, Inc. first attempted to ship the freight via NNR Cargo, the shipping company notified PA, Inc., that it could not ship the pipes to Iran without a valid export license, citing the U.S. regulations against exports to Iran, and the shipment was returned. Soon after, PA, Inc. sent the shipment to another freight forwarder, DFDS Transport, omitting references to the shipment's final destination. On February 18, 2004, Department of Commerce agents intercepted the shipment.

As part of a plea bargain between the company and the U.S. government, the court placed LPPAI on three years corporate probation with strict special terms, as well as a criminal fine of US\$50,000. Under a BIS administrative order, LPPAI will lose its export privileges for five years, as well as lose the confiscated shipment valued at US\$33,000.[1,2]

*Editor's Note: Nickel alloy pipes are commonly used in many civilian industries, including the oil and gas industry. However, nickel alloy pipes can also be used in uranium enrichment equipment—a technology that upgrades uranium to the quality needed for nuclear weapons. Under the EAR, "piping, fittings and valves made of, or lined with, stainless steel, copper-nickel alloy or other alloy steel containing 10 percent or more nickel and/or chromium" are considered a controlled commodities. The EAR also stipulates that the export to Iran of all items controlled under the regulations requires a license.[3] According to PA Inc.'s website, the company offers various grades of metal and piping for sale, including items that would be covered by the EAR.[4] However, court documents and government reports on the case do not specify the percent of nickel in the piping that the company attempted to export.*

Sources: [1] U.S. Department of Justice Press Release, December 16, 2005, U.S. Department of Commerce, Bureau of Industry and Security (BIS) website, <[http://www.bis.doc.gov/News/2005/DOJ12\\_20\\_05.htm](http://www.bis.doc.gov/News/2005/DOJ12_20_05.htm)>. [2] U.S. Department of Commerce, Bureau of Industry and Security, "Order Relating to LPPAI, Inc.," BIS website, August 19, 2005, <<http://efoia.bis.doc.gov/ExportControlViolations/E911.pdf>>. [3] "Materials Processing," U.S. Export Administration Regulations Database, November 18, 2005, <<http://www.access.gpo.gov/bis/ear/pdf/ccl2.pdf>>. [4] Product inventory on P.A. Inc website, viewed February 14, 2006, <<http://www.painc.com/products.htm>>.

## International Developments

### South Korea's Participation in PSI Causes Controversy

On December 29, 2005, the South Korean National Security Council (NSC) decided to allow South Korean officials to

participate as observers in exercises carried out under the aegis of the U.S.-led Proliferation Security Initiative (PSI).[1,2,3] The decision, however, was kept secret for over four weeks before it was revealed on January 24, 2006, causing some controversy.

The NSC's decision was first made public by National Assemblyman Ch'oe Chae-ch'ŏn, of the ruling Uri Party, in a column he wrote for the online newspaper *OhmyNews*. [3,4] When later pressed by journalists, the Ministry of Foreign Affairs and Trade (MOFAT) confirmed the decision for a limited participation in PSI. A MOFAT official stated: "We decided not to reveal it in the belief that it would be desirable to handle the issue quietly." [3,4] However, another MOFAT source was quoted as saying the ROK government did not announce the decision because of fears it would have a negative impact on the six-party talks to end North Korea's nuclear weapons program. [5] Previously, South Korean government officials had been resistant to Washington's request to join the PSI for fear of causing a backlash from Pyongyang. Although PSI supporters publicly deny that the initiative is aimed at any particular country, North Korean proliferation activities have been a clear target of PSI since its establishment in 2003.

Despite the NSC's decision, South Korea still appears cautious about its participation in the initiative. U.S. officials reportedly requested South Korean representation in eight future PSI-related activities, but Seoul has agreed to participate in only five. [1,2] Some analysts view Seoul's limited participation as an attempt to avoid upsetting either Washington or Pyongyang. A South Korean MOFAT official was quoted as explaining that few nations find themselves in South Korea's unique security position. [3] South Korean Minister of Foreign Affairs and Trade Pan Ki-mun stated, "We have taken account of [the six-party talks] and harmonized it with a stance opposing the spread of WMD. So our position is to cooperate on a case-by-case basis." [2] On February 9, a spokesman for North Korea's Committee for the Peaceful Reunification of the Fatherland called the decision an "unforgivable anti-national crime" and urged Seoul to reverse the decision or it will "be accountable for all the consequences." [6] *Rodong Sinmun*, the official daily of the DPRK's Korean Workers Party, called the decision "a war crime as it is little short of directly conspiring with the U.S. in its moves for a war of aggression." [7]

Sources: [1] Lee Joo-hee, "Seoul to Observe U.S.-led PSI Drill: Korea Won't Participate in Exercise," *Korea Herald*, January 25, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [2] "Official Says ROKG Consents to 'Objective' of PSI to Prevent WMD," Yonhap News Agency, January 24, 2006; in OSC Document KPP20060124971019. [3] "ROK FM 'Official': ROK 'Will Not Participate' in PSI, 'But Just Observe It'," Yonhap News Agency, January 25, 2006, in OSC Document KPP20060125971098. [4] Ch'oe Chae-ch'ŏn, "Han'guk PSI ch'am'yŏ, chi'nanhae mal imi kyŏlchŏng" (South Korea to Participate in PSI; Already Decided End of Last Year), *OhmyNews*, January 24, 2006, <<http://www.ohmynews.com>>. [5] Kim T'ae-gyŏng, "Oegyobu 'PSI 'ch'amgwan' oji 'ch'amga' anida" (MOFAT: PSI Observation Is Not Participation), *OhmyNews*, January 25, 2006,

<<http://www.ohmynews.com>>. [6] "S. Korean Authorities to Join in PSI Drill Assailed," Korean Central News Agency, February 10, 2006, <<http://www.kcna.co.jp>>. [7] "S. Korean Authorities' Dangerous Tie-up with Outside Forces under Fire," Korean Central News Agency, February 11, 2006, <<http://www.kcna.co.jp>>.

## **Workshops and Conferences**

### **Conference on Global Partnership in Ukraine**

*By Lars Van Dassen, Swedish Nuclear Power Inspectorate*

On January 24-26, 2006, a major international conference was held in Kiev, Ukraine in order to facilitate the further integration of Ukraine into the Global Partnership. The conference was organized by the Swedish Nuclear Power Inspectorate, the Finnish Radiation and Nuclear Protection Authority, the German Gesellschaft für Anlagen- und Reaktorsicherheit, the Ukrainian Ministry for Foreign Affairs and the Ukrainian State Nuclear Regulatory Committee.

The conference had 120 participants, including 60 representatives from Ukrainian authorities and entities that deal with nuclear materials, as well as 60 from other states adhering to the Global Partnership and representatives from international organizations. The topics and sessions of the conference focused on physical protection of nuclear materials, nuclear materials accountancy, export controls as well as other issues such as the elimination of highly enriched uranium and the fight against illicit trafficking. By the conclusion of the conference, a long range of concrete project proposals had been formulated and many international and Ukrainian delegates saw these proposals as first steps into new common security initiatives.

*Editor's Note: The Global Partnership is an initiative launched at the June 2002 Kananaskis Summit by the G8 countries (Canada, France, Germany, Italy, Japan, Russia, United Kingdom, and United States) to address nonproliferation, disarmament, counter-terrorism, and nuclear safety issues. The G8 countries committed to providing up to US\$20 billion of assistance over 10 years to fund nonproliferation projects, principally in Russia, but also in other nations, including other former Soviet republics*

**International Export Control Observer** (<http://cns.miis.edu/pubs/observer>) is devoted to the analysis of WMD export control issues. It is published monthly for the international export control community by the Center for Nonproliferation Studies (CNS), Monterey Institute of International Studies (MIIS), with financial support from the U.S. Department of State. Although every reasonable effort has been made to check sources and verify facts, CNS cannot guarantee that accounts reported in the open literature are complete and accurate. Therefore, CNS shall not be held liable for any loss or damage caused by errors or omissions. Statements of fact and opinion expressed in the International Export Control Observer are the responsibility of the authors alone and do not imply the endorsement of the editors, the Center for Nonproliferation Studies, the Monterey Institute of International Studies, or the U.S. Government. Copyright 2006 by MIIS. May be freely reproduced and distributed with proper citation.

**Editor-in-Chief**

Sonia Ben Ouaghran

**Associate Editors-in-Chief**

Dauren Aben  
Stephanie Lieggi

**Senior Consultants**

Daniel Pinkston  
Leonard S. Spector

**Co-Editor**

Alexander Melikishvili

**Associate Editors**

Andrew Diamond  
Tanat Kozhmanov  
Jing-dong Yuan

**Contributors**

Dauren Aben  
Randall Beisecker  
Lindsie Brown  
Andrew Diamond  
Nilsu Goren  
Dave Kim  
Tanat Kozhmanov  
Stephanie Lieggi  
Alexander Melikishvili  
Debika Pal  
Erik Quam  
Masako Toki  
Lars Van Dassen

**Reviewers**

Richard Cupitt  
Charles Ferguson  
Dennis Gormley  
Elina Kirichenko  
Mitsuru Kurosawa  
Sammy Salama  
Phillip Saunders  
Carlton Thorne  
Jonathan Tucker  
Lars Van Dassen

**Copy Editors**

Maria Haug  
Katya Shutova



**Center for Nonproliferation Studies**

1111 Nineteenth Street, NW, 12<sup>th</sup> Floor  
Washington, D.C. 20036 USA  
Tel: (202) 464 6000; Fax: (202) 238-9603  
email: [intexcon@miis.edu](mailto:intexcon@miis.edu)