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Recent Developments

Washington Prepares “Military Catch-All”

The U.S. Department of Commerce’s Bureau of Industry and Security (BIS) will soon publish a draft rule placing heightened restrictions on exports seen as materially contributing to China’s military modernization. The new measures, commonly referred to as the “military catch-all,” will add 47 groups of items to the list of commodities on the U.S. Commerce Control List (CCL) that require licensing for transfer to China.[1,2] *[Editor’s Note: Although the proposed rule would technically affect a number of countries, it is being crafted so as to target Chinese military modernization efforts.]*[3]

The CCL contains dual-use items controlled for export by the BIS. The maintenance of this list is mandated by U.S. Export Administration Regulations (EAR). The items contained on the list may have licensing requirements based upon both “Destination” and “Reason for Control.” The CCL works in combination with the Commerce Country Chart to allow the BIS “to determine whether a license is required for items on the CCL to any country in the world.” *[Editor’s Note: The CCL and the Commerce Country Chart are found in supplement 1 to part 774 and supplement 1 to part 738 of the EAR, respectively. The country chart allows exporters to determine the licensing requirements for an export based on the intended destination and “Reason for Control.”]*[4] The commodity groups reportedly being added by the new rule include dual-use items falling under CCL categories for chemicals, microorganisms, electronics production, computer and telecommunications equipment, lasers, sensors, navigation and avionics software, propulsion systems, and space vehicles. According to a March 2006 draft of the rule made available to some industry groups, the BIS was also proposing a so-called “white list” for Chinese companies with a proven record of not participating in activities seen as detrimental to U.S. national security. The proposed rule would also expand end-use requirements for Chinese companies and require end-use certificates “for all items exported to China that require a license when the value exceeds US\$5,000.”[2]

According to the U.S. government, the new rule will be consistent with a 2003 Wassenaar Arrangement (WA) decision to require licensing for the transfer of dual-use items and technologies not listed on WA control lists when the items are intended for a military end-use in countries under any UN Security Council arms embargo, regional arms embargoes or under embargoes to which WA member states have voluntarily chosen to adhere.[2,5] *[Editor’s Note: This decision by the WA pertains to China as it remains under EU and U.S. arms embargoes first imposed after the 1989 suppression of demonstrators at Tiananmen Square.]*

The proposed rule has been a topic of heated discussions between U.S. government agencies and industry representatives for over a year. Industry representatives who have seen early drafts of the rule have argued that the new measures will threaten U.S. companies’ ability to compete in the Chinese market. The business community argues that the other WA member states are not implementing the rules as strictly as Washington and are not targeting Chinese entities. The proposed rule will, in their opinion, create a significant disadvantage for U.S. companies in China with no gain for national security, since the items in question can be easily obtained from non-U.S. exporters.[2,3,6]

In response to criticism from the business community, the BIS has argued that the new rule is being drafted so as to minimize the negative impacts on U.S. businesses, while at the same time assuring that no U.S. technology is diverted to military-end uses that could threaten U.S. national security. David McCormick, undersecretary of Commerce for Industry and Security, noted at a forum on U.S. high-tech trade with China on June 9, 2006, that the proposed rule would be limited in scope and would *not* be “a wide-ranging catch-all regulation that subjects everything from fountain pens to office furniture to government scrutiny.” Instead, McCormick pointed out that the new rule would “carefully target certain technologies that, while unrestricted until now, have the potential to materially enhance China’s military capabilities.” The undersecretary also stressed that the Bush administration was pressing other Wassenaar members, particularly in Europe and Japan, to take similar steps to control technology transfers to China that could be used to assist Beijing’s military modernization. When asked about wider WA implementation of a military catch-all, McCormick noted he was “encouraged” after his discussions with Japan and European countries, but he did not give any specifics about whether these governments would implement the 2003 Wassenaar decision consistently.[7,8]

Putting the military catch-all into the context of overall U.S. policy toward China, McCormick noted that the measure was consistent with Washington’s policy of treating China as a “responsible stakeholder” in the international arena. The undersecretary noted that the Bush administration hoped that a large number of Chinese companies ultimately would be included on the “white list” and would therefore be exempt from these expanded licensing requirements. The “white list” is therefore an incentive for companies that are partaking in legitimate trade. Increasing the number of companies on the list would build confidence with respect to the activities of non-military Chinese industries. McCormick noted that U.S. companies with a long history of working with particular Chinese customers would likely have few problems with the rules since these entities would likely be eligible for inclusion on the “white list.” However, U.S. companies would need to remain diligent about knowing their customers and the end-use of the products they export to these customers.[7,8]

Once published, the rule will be posted first in draft form for 120 days for public comment.[8] The *Observer* will continue to report on this story as it develops.

Sources: [1] Douglas N. Jacobson, "Under Secretary McCormick Provides Update on BIS Military Catch-All Proposal at CSIS," *International Trade Law News* (weblog), June 11, 2006, <<http://www.tradelawnews.com>>. [2] "Draft Export Control Rule Would Require Licenses for 46 Products," *Inside US-China Trade*, May 3, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [3] John R. Liebman, "China Trade Export Controls and the New 'Catch-All' Regulation," *Metropolitan Corporate Counsel*, April 2006, <<http://www.metrocorpocounsel.com>>. [4] "Commerce Control List Overview and the Country Chart," Part 738 of the *Export Administration Regulations*, pp. 1-3, <<http://www.gpo.gov/bis/ear/pdf/738.pdf>>. [5] "Public Statement—12 December 2003," Wassenaar Arrangement (WA) Public Documents, WA website, <<http://www.wassenaar.org/publicdocuments/public121203.html>>. [6] Henry Sanderson and Rob Curran, "New Military Catch-all Regulation May Crimp China Trade," *MarketWatch* online edition, May 9, 2006, <<http://www.marketwatch.com>>. [7] David McCormick, "Win-Win High Technology Trade With China," speech at the Center for Strategic and International Studies (CSIS) in Washington, DC, June 9, 2006; available on U.S. Department of Commerce Bureau of Industry and Security (BIS) website, <<http://www.bis.doc.gov/News/2006/McCormick06-9-06.htm>>. [8] Remarks by David McCormick at "China Policy and High Technology," CSIS Technology and Public Policy Program event, June 9, 2006; audio available on CSIS website, <<http://http://www.csis.org/events>>

Sergey Ivanov Reports on Export Control Commission's Meeting

On May 29, 2006, Russia's deputy prime minister and defense minister, Sergey Ivanov, who chairs the interagency Export Control Commission of the Russian Federation, met with president Vladimir Putin to report on the commission's May 22, 2006 meeting. According to Ivanov, the meeting focused on a number of issues relating to the nonproliferation of weapons of mass destruction (WMD) and the strengthening of Russia's export control system.

At the May 22 meeting, commission members first listened to Russian Ministry of Foreign Affairs officials, who reported on Russia's implementation of UN Security Council Resolution 1540. According to Ivanov, the commission found the progress made by Russia in this regard satisfactory. Second, the commission discussed Russia's strategy in the Nuclear Suppliers Group in the context of Russian plans to further increase civil nuclear cooperation with India. Commission members also examined the situation surrounding Iran's nuclear program. Ivanov did not provide any details of these discussions. In addition, meeting participants considered proposals regarding Russia's possible entry to the Australia Group, the only multilateral export control regime of which Russia is not a member.

A separate item on the agenda of the meeting was a presentation by Nikolay Pirogov, director general of the VP Glushko Energomash Scientific Production Association (NPO Energomash), a leading Russian designer and manufacturer of liquid-fuelled rocket engines. Pirogov spoke on the company's internal compliance program. According to Ivanov, Energomash's annual exports of dual-use missile

technology total about 30 billion rubles (US\$1.1 billion). This was the first time the Export Control Commission had listened to such a presentation from an industry representative. Commission members decided to continue the practice of inviting the management of large Russian exporters to present their internal compliance programs. As Ivanov noted, this will help the commission assess industry's progress in complying with the country's export control legislation.[1]

Source: [1] "Stenograficheskiy otchet o soveshchaniy s chlenami Pravitelstva" (Verbatim records of meeting with government members), May 29, 2006, President of the Russian Federation website, <http://www.kremlin.ru/appears/2006/05/29/2100_type63378type63381_106194.shtml>.

Kazakhstani Customs Service Installs Radiation Detection Systems

On May 12, 2006, Kazakhstan's Customs Control Committee (CCC), under the Ministry of Finance, issued a fact sheet on new customs control technologies used in Kazakhstan. According to the fact sheet, in 2003 the customs service started equipping customs posts with advanced non-intrusive inspection (NII) systems that allow authorities to check motor vehicles, railway cars, and bulky containers for hidden contraband; including weapons, explosives, drugs, and WMD-related technologies, without unloading cargo for manual searches. The use of NII systems aims to reduce the time spent on customs clearances and the related costs, thereby facilitating legitimate trade, while at the same time assuring shipments are not carrying dangerous items.[1]

According to the CCC fact sheet, NII systems are currently operating at two customs posts—Korgas (Almaty Oblast) at the Kazakhstani-Chinese border, and Zhana Zhol (North Kazakhstan Oblast) at the Kazakhstani-Russian border. Three more posts—Dostyk (Almaty Oblast) at the Kazakhstani-Chinese border, Kayrak (Kostanay Oblast) at the Kazakhstani-Russian border, and Gani Muratbayev (South Kazakhstan Oblast) at the Kazakhstani-Uzbek border—are being outfitted with similar equipment. The CCC plans to install NII systems at two other customs posts—Kalzhat (Almaty Oblast) at the Kazakhstani-Chinese border, and Auyl (East Kazakhstan Oblast) at the Kazakhstani-Russian border. For 2006, the Kazakhstani government has allocated 3,438 billion tenge (US\$28.8 million) for equipping Kazakhstan's customs posts with modern customs control equipment, including 1,250 billion tenge (US\$10.5 million) to purchase NII systems.[1]

As reported in the May 2006 issue of the *International Export Control Observer*, on May 5, 2006, Kazakhstan and the United States signed an Implementing Arrangement to create a partnership under the U.S. Second Line of Defense (SLD) program. Under the agreement, the U.S. Department of Energy's National Nuclear Security Administration (NNSA)—which manages the SLD program—will cooperate with the CCC to install radiation detection and integrated communications equipment at strategic border crossings along Kazakhstan's border to identify, detect, deter, and interdict

illicit transfers of nuclear or radiological materials, thus supporting and expanding the existing national efforts to equip the customs service with advanced customs control tools, including NII. NNSA and Kazakhstani officials will also work together to train local law enforcement officials in the use of the detection and communications equipment to be provided under the SLD agreement.[2]

Sources: [1] "O noveyshikh tehknicheskikh sredstvakh tamozhennogo kontrolya" (On the newest technical tools for customs control), Kazakhstan's Customs Control Committee (CCC) Fact Sheet, May 12, 2006, CCC website, <http://www.customs.kz/exec/news/news_msg?newsid=463>. [2] "United States and Kazakhstan Sign Second Line of Defense Agreement," *International Export Control Observer*, May 2006, pp. 11-12, <<http://www.cns.miis.edu/pubs/observer/index.htm>>.

President Bakiyev Makes Kyrgyz Border Guard Service Independent Agency Again, Appoints New Head

On May 22, 2006, president of Kyrgyzstan Kurmanbek Bakiyev signed Edict No. 270 *On Improving State Management in the Area of State Border Protection of the Kyrgyz Republic* renaming the nation's border control service from the Border Guard Troops to the Border Guard Service and turning the agency, previously subordinated to the National Security Service (NSS) of the Kyrgyz Republic, into an independent government body.

The new edict designates the Border Guard Service as the sole state agency responsible for border protection and control. According to the edict, the president will appoint the chairperson and four deputies of the agency. The Kyrgyz government has been given one month to draft and approve a new statute for the Border Guard Service, to review and amend past regulations in order to bring them into compliance with the edict, as well as to address organizational, financial, and other related issues.[1,2]

Following the reorganization of the border guard agency, on May 24, 2006, President Bakiyev signed an edict replacing General Myrzakan Subanov with Colonel Zakir Tilenov as the chairman of the Border Guard Service.[3] Colonel Tilenov was born in 1962 in Osh, southern Kyrgyzstan. In 1983, he graduated from the KGB Advanced Border Guard Military-Technical School, and in 1996, he graduated from the Academy of the Federal Border Guard Service of the Russian Federation. From 1986-1989, Tilenov served in Afghanistan. From 1989-1999, he served in Soviet, then Russian, border guard units located in Naryn, Przhelavsk, and Osh, all in Kyrgyzstan. After the withdrawal of Russian border guards from Kyrgyzstan in 1999, Tilenov quit the Russian border guard service and joined the Kyrgyz government. From 1999 to May 2005, he held different positions in Kyrgyzstan's Ministry of Defense, National Security Service, and Prime Minister's Office. In May 2005, he was appointed chief of the border control directorate of the Border Guard Troops administration under the NSS.[4]

The reorganization of the border guard agency is a reversal of a 2005 decision by President Bakiyev. On May 23, 2005, Bakiyev, then acting president, signed an edict renaming the Border Guard Service the Border Guard Troops and subordinating the agency to the NSS.[5]

Although no official reasons for the reversal of the 2005 decision and the subsequent personnel change have been given in available open sources, it should be noted that the reform followed a border incident that took place on May 12, 2006 and strong domestic criticism of the government response. According to press accounts of the incident, in the early morning of May 12, 2006, a group of so-called militants in two cars attacked the Lakkon (in Tajik; Lyakkon in Kyrgyz) post in Tajikistan killing three Tajik border guards and seizing 19 Kalashnikov assault rifles, a Kalashnikov machine-gun, and 4,000 rounds of ammunition. The group then penetrated Kyrgyz territory and attacked the Kyrgyz customs post of Ak-Turpak, killing a customs officer and his civilian assistant.[6,7] As a result of a special operation launched by Kyrgyz law enforcement agencies, four militants were killed, and one was arrested.[8,9] (According to some press reports, the Kyrgyz authorities arrested two militants.)[10] However, four Kyrgyz servicemen—two officers of the NSS Alfa special unit, one officer of the Interior Ministry's special forces, and one border guard officer—were killed during the operation.[8,9,10] The precise number of intruders remains unclear, as well as whether they were drug smugglers or members of a radical Islamic group. However, according to NSS chairman Busurmankul Tabaldiyev, the group planned a series of terrorist acts on the Kyrgyz territory, as evidenced by large quantities of aluminum powder and other substances known for use in explosive devices, that were found in possession of militants.[10,11]

Zhogorku Kenesh (Kyrgyzstan's parliament) members questioned the effectiveness of the military response to the incident, expressing outrage over the number of casualties suffered by Kyrgyz law enforcement forces. Insisting that Kyrgyz soldiers died as a result of mediocre crisis management, chairman of the parliament's Committee on Defense, Security, Rule of Law and Information Policy Rashid Tagayev said that he would insist on the dismissal of some generals.[12] Zhogorku Kenesh member Dooronbek Sadyrbaev spoke of "talentless generals" who should be "stripped of their ranks." [7,10,11] His colleague Muratbek Mukashev called president Bakiyev's decision to thank the senior commanders in charge of the special operation as overly hasty. "This matter cannot be left unattended to," he said. Non-governmental groups also criticized the government's handling of the incident in an open letter to Bakiyev, in which they accused the country's law enforcement establishment of allowing militants to infiltrate the country and kill Kyrgyz soldiers.[7] Responding to criticism, NSS chairman Tabaldiyev stated that the agency would cease the practice of hiring personnel from other government agencies

and that NSS was negotiating with Russia on a plan to have NSS personnel trained in Russia's specialized training institutions.[11,12] It is noteworthy that Tabaldiyev was appointed NSS chairman on May 10, 2006, two days before the incident, having replaced Tashtemir Aytbayev.[13]

Sources: [1] Ministry of Justice of the Kyrgyz Republic News Release, June 2, 2006, Ministry of Justice of the Kyrgyz Republic website, <<http://www.minjust.gov.kg/rus/news/192>>. [2] "Pogranichnaya sluzhba vyvoditsya iz podchineniya SNB" (The border service is removed out of subordination to the National Security Service), Kabar News Agency (Kyrgyzstan), May 23, 2006, <<http://www.kabar.kg>>. [3] "Kadrovyye perestanovki v pogranichnoy sluzhbe Kyrgyzstana" (Personnel changes in Kyrgyzstan's border guard service), President of the Kyrgyz Republic website, May 24, 2006, <<http://www.president.kg/press/news/1166/>>. [4] "Smena rukovodstva pogranichnoy sluzhby Kyrgyzstana: novym predsedatelem naznachena Zakir Tilenov" (Change in the management of Kyrgyzstan's border guard service: Zakir Tilenov appointed a new chairman), Tazar online newspaper, May 24, 2006, <<http://www.tazar.kg>>. [5] "Heads of Kyrgyz Border Guard and Emergency Agencies Replaced; Border Guards Subordinated to National Security Service," *NIS Export Control Observer*, May 2005, <<http://www.cns.miis.edu/pubs/nisexcon/index.htm>>. [6] "V perestrelke v Kirgizii pogibli 5 chelovek" (Five were killed in a shootout in Kyrgyzstan), Rosbalt News Agency, May 12, 2006, <<http://www.rosbalt.ru>>. [7] Bakhtiyor Valiev and Cholpon Orozobekova, "Kyrgyz-Tajik Border Raid Stokes Fears," Reporting Central Asia, No. 448, May 19, 2006, Institute for War and Peace Reporting website, <<http://www.iwpr.net>>. [8] "Na yuge Kyrgyzstana pogibli chetyre sotrudnika pravookhranitelnykh organov" (Four law enforcement officers die in the southern Kyrgyzstan), Kazakhstan Today News Agency, May 13, 2006; in *Gazeta.kz*, <<http://www.gazeta.kz>>. [9] "Kyrgyzstan budet usilivat okhranu gosgranitsy" (Kyrgyzstan will strengthen the protection of its state border), Kazakhstan Today News Agency, May 15, 2006; in *Gazeta.kz*, <<http://www.gazeta.kz>>. [10] Yuliya Orlova, "V Kirgizii ne iskluchayut povtornykh napadeniy boyevikov" (Kyrgyzstan does not discount the possibility of further militant incursion), RIA Novosti, May 15, 2006, <<http://www.rian.ru>>. [11] Aleksey Matveyev, "'Ak-Turpak', 'Lyakkan'... daleye vezde? ('Ak-Turpak', 'Lyakkan'... then where?)," *Voyenno-promyshlennyy kuryer* online edition, No. 21 (137), June 7-13, 2006, <<http://www.vpk-news.ru>>. [12] "Kirgizskikh chekistov budut uchit v Rossii" (Kyrgyz special agents will be trained in Russia), Regnum News Agency, May 21, 2006, <<http://www.regnum.ru>>. [13] Bek Orozaliyev, "Kurmanbek Bakiyev raspustil soratnikov" (Kurmanbek Bakiyev dismissed his teammates), *Kommersant* online edition, No. 82, May 11, 2006, <<http://www.kommersant.ru>>.

Taiwan Moves to Restrict Exports to Iran, North Korea

On May 22, 2006, Taiwan's Bureau of Foreign Trade (BOFT) announced, that it was preparing to implement new controls on the export of strategically sensitive goods. The move is the latest in a series of attempts by the BOFT to strengthen its control of sensitive material transfers. According to the BOFT's announcement, the measures are an attempt by Taiwan to comply with international export control regimes and to prevent North Korea and Iran from utilizing exports from Taiwan in their military programs or in the production of weapons of mass destruction (WMD). The new controls went into effect on June 1, 2006.

Although the latest revisions of the Sensitive Commodity List have been said to target Iran and North Korea, the list also bars the export of these commodities to "Category 1" countries such as Iraq, Libya, Cuba, Sudan, and Syria. [Editor's Note: In Taiwan's export control system "Category

1" countries are subject to highly restrictive licensing requirements and licenses are, in principle, denied for exports of controlled items to these countries.] Although all "Category 1" countries are impacted by the new measures, with international attention focused heavily on the nuclear programs of Tehran and Pyongyang, the Taiwanese government's main impetus for creating these new restrictions was to stop potential dual-use exports to Iran and North Korea.[1,2]

The most significant change by the BOFT is the addition of 87 new items to the Sensitive Commodity List controlled under the "Strategic High-Tech Commodities" and "Restricted Areas for Export" sections of Taiwan's *Foreign Trade Act*. The newly added items cover a wide range of commodities, including a number of graphite-related commodities, chemicals and chemical precursors, hydraulic and pneumatic cylinders and related parts, centrifuges, water purification-related equipment, machine tools, lathes, and integrated circuits. The full list of the added items can be found on the BOFT website at <<http://eweb.trade.gov.tw/public/Attachment/66517421371.doc>>.

Taiwanese exporters seeking to trade any item on the commodities list are required to obtain export licenses from the BOFT prior to transferring the item to Iran, North Korea and other Category 1 countries. The restrictions also apply to items being transshipped through Taiwan.[2,3]

The new measures to control exports to Iran and North Korea come on the heels of recent initiatives to control sensitive exports to China. In April 2006, the BOFT conducted investigations into Japanese media allegations that Taiwanese companies had sold sensitive machine tools that could assist Beijing with its missile development programs. Although the BOFT did not find any clear signs of export violations, the Taiwanese government did move to crack down on the export of such items to China. [Editor's Note: For more information regarding the export of machine tools to China, see "Sensitive Machine Tool Exports from Taiwan to China," *International Export Control Observer*, May 2006, p. 6, <<http://cns.miis.edu/pubs/observer/index.htm>>. For an overview of Taiwan's export control infrastructure and laws, see Mark Wuebbels and Patrick Heiman, "Growing Pains: An Overview of Taiwan's Export Control System," *Asian Export Control Observer*, February/March 2005, pp. 11-16, <<http://cns.miis.edu/pubs/observer/asian/index.htm>>.]

Sources: [1] Deborah Kuo, "Taiwan to Control Exports of Sensitive Goods to Iran, North Korea," *Global News Wire*, BBC Monitoring, May 7, 2006; in *Lexis-Nexis Academic Universe*, <<http://web.lexis-nexis.com>>. This report suggested that there would be 89 items listed to Taiwan's commodity lists; however, as noted above, only 87 were added. [2] "Public Notice Announcing a Revision of the Categories of Strategic High-Tech Commodities and the Restricted Areas for Export, that Will, Moreover, Take Effect Starting from 1 June, 2006," Doc. No.: Ching Mao Tzu 09504602910, Taiwan Bureau of Foreign Trade (BOFT), May 22, 2006, <<http://eweb.trade.gov.tw/content.asp?CuItem=12097&baseDSD=5&CtUnit=187>>. [3] "Sensitive

Commodity List,” BOFT website, updated May 2006, <<http://eweb.trade.gov.tw/public/Attachment/66517421371.doc>>.

Changes in Personnel

Ukraine Approves Members of Ukrainian-American Commission on Military and Technical Cooperation

On April 17, 2006, the Cabinet of Ministers of Ukraine approved the Ukrainian members of the joint Ukrainian-American Commission for Exchanging Information on Research and Development in the Area of Military and Technical Cooperation.[1] The cooperation between the United States and Ukraine in military and technical issues is carried out within the framework of the agreement concerning exchange of research and development information in the sphere of military and technical cooperation. The agreement was signed by both countries in Washington, D.C. on

March 31, 2000 and approved by the Ukrainian Cabinet of Ministers on August 21, 2000. However, publicly available information does not indicate when the commission was created.[2,3]

The April 17, 2006 Cabinet of Ministers Resolution No. 206 appointed Ukrainian deputy defense minister Volodymyr Tereshchenko chairman of the Ukrainian side of the aforementioned commission.[4] The other commission members are listed in the table below.[5]

The Ukrainian membership of the commission indicates the potential breadth of future cooperation with the United States in the area of military and technical research and development. According to Serhiy Zgurets, an expert from the Ukrainian think-tank Center for Army, Conversion and Disarmament Studies (CACDS), although the commission is still in its infancy, the U.S. side will be interested in the Ukrainian technologies for the production of space systems.[6]

Name	Organizational Affiliation in Ukraine	Position
Oleksandr Sotnikov (Executive Secretary of the Commission)	Presidium of the National Academy of Sciences	Head, Section Examining Issues Concerning the Ministry of Defense
Serhiy Bondarchuk	State Arms Exports Company Ukrspetsekспорт	Director General
Volodymyr Belashov	Ministry of Foreign Affairs	Director, Department for the Control of Armaments and Military and Technical Cooperation
Serhiy Katrich	National Security and Defense Council	Head, Directorate for Military and Technical Cooperation and Export Control of the Military Security Department
Volodymyr Kozub	Ministry of Economy	Director, Department for Defense and Security Economics
Valeriy Komarov	National Space Agency	First Deputy Director General
Oleksiy Komisarov	Security Service of Ukraine (SBU)	Head, Counterintelligence Department
Ihor Reshetylov	State Service for Export Control	Deputy Chairman
Mykhaylo Lukhanin	Ministry of Industrial Policy	Director, Department for Defense and Industrial Policy and Military and Technical Cooperation
Olena Shcherbakova	State Department for Intellectual Property	Head, European Integration and International Cooperation Section

Sources: [1] “Ukraine Appoints Representatives For Military Research Cooperation With USA,” Interfax-Ukraine, April 18, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [2] “Highlights of Ukraine-U.S. Bilateral Relations,” official website of the Embassy of Ukraine in the United States of America, <<http://www.ukremb.com/politics/bilatrelations.html>>. [3] “Pravitelstvo Utverdilo Ukraino-Amerikanskoe Soglashenie Ob Obmene Informatsiy Po Voprosam Issledovaniy I Razrabotok V VTS” (Government approved Ukrainian-American agreement on information exchange on questions related to research and development in the area of military and technical cooperation), Center for Army, Conversion and Disarmament Studies (CACDS), August 21, 2000, The National Institute for Strategic Studies website, <<http://www.niss.gov.ua/cacds/archgiveu/serpen00/0821a.html>>. [4] “Utverzhden sostav ukrainskoy chasti Sovmestnoy

ukrainsko-amerikanskoy komissii ob obmene informatsiy” (Composition of the Ukrainian part of the joint Ukrainian-American commission on information exchange has been approved), LigaBiznesInform News Agency (Ukraine), April 18, 2006, <<http://www.liga.net>>. [5] “Ukraine Appoints Representatives For Military Research Cooperation With USA,” Interfax-Ukraine, April 18, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>; and “Ukraina Podelitsa S SSHA Voennymi Razrabotkami” (Ukraine will share military achievements with USA), Commentary and Analysis On-line Project PolitUm (Ukraine), April 19, 2006, <<http://www.politum.org.ua/news/4445cd3031a6f/>>. [6] Mikhail Gannitskiy, “Amerika uznaet nashi sekrety” (The United States will find out our secrets), Gazeta po-kievski Online (Gazette Kiev-style), April 20, 2006, <<http://www.pk.kiev.ua>>.

Russian Customs Service Changes Status and Leadership

In May-June 2006, Russia's Federal Customs Service (FCS) underwent significant structural and personnel changes following the launch of an unprecedented campaign against corrupt customs officials initiated by Russian President Vladimir Putin. The ongoing campaign resulted in a series of arrests of high-ranking customs officials at the FCS central offices in the Primorsk Krai, Bryansk, Irkutsk, Kaluga, Leningrad, Novosibirsk, Penza, Yaroslavl, and Bryansk Oblasts, as well as at the customs offices of Moscow's Sheremetyevo, Vnukovo, and Domodedovo airports.[1,2,3] However, the Russian government did not officially link its restructuring of the customs service with corruption scandals. *[Editor's Note: At an April 10, 2006 Russian Cabinet of Ministers meeting, in a comment that foreshadowed the forthcoming anti-corruption campaign, Putin demanded to stop what he called "the practice when customs units and business structures merge in economic ecstasy." Furthermore, in his annual address to the Federal Assembly on May 10, 2006, Putin called corruption a major obstacle to Russia's development. "A businessman with a fortune running into billions and a bureaucrat of any rank must understand that the state will not nonchalantly look at their activities if they are deriving unfair benefits from special relations between themselves," Putin said.][4,5]*

On May 11, 2006, Vladimir Putin signed Edict No. 473, *Issues of the Federal Customs Service*, which entered into force immediately upon its publication. In accordance with the edict, the FCS, which had previously been subordinate to the Ministry of Economic Development and Trade (MEDT), was placed under direct control of the Russian Cabinet of Ministers. Under the edict, all functions related to drafting customs-related government policy and regulatory law that had been under MEDT's purview were reassigned to the FCS. The edict reconfirmed the previous practice, which made the Prime Minister responsible for appointing and removing the FCS head, and also extends this authority to appointing FCS deputies who had formerly been appointed and removed by the Minister of Economic Development and Trade. The edict further specifies that heads of regional customs directorates and offices be appointed and removed in accordance with orders given by the FCS head, while previously it was the prerogative of the Minister of Economic Development and Trade. The Cabinet of Ministers is charged with making all appropriate actions, including redistributing functions and authorities between the MEDT and the FCS in order to implement the edict.[6]

Following the presidential edict, on May 12, 2006, Russian Prime Minister Mikhail Fradkov signed Directive No. 682-r dismissing Aleksandr Zherikhov from his position as FCS head, which he had held since July 6, 2004, "due to a transfer to another position," as stated in the text of the document.[7]

On the same day Fradkov signed Directive No. 683-r appointing Andrey Belyaninov as the new FCS head.[8]

The same day, Prime Minister Mikhail Fradkov signed two more directives, No. 688-r and No. 689-r, dismissing Yuriy Azarov and Leonid Lozbenko from their positions as FCS deputy heads. The government's official statement noted that these dismissals were in accordance with the former deputies "own requests".[9,10] On May 26, Fradkov appointed Igor Zavrazhnov, former chief of the FCS Internal Security Directorate, and Vladimir Malinin, former head of the Moscow Directorate of the Russian Federal Financial and Budgetary Supervision Service under the Ministry of Finance, as new deputy heads of the FCC, in accordance with Directive No. 749-r and Directive No. 750-r, respectively.[11,12] The wave of personnel reshuffles at the FCS continued on June 9, 2006, when Fradkov signed Directive No. 850-r dismissing Nikolay Volobuyev from his position as FCS deputy head "due to a transfer to another position." [13] No replacement for Volobuyev was announced at the time of his dismissal, but, according to press reports, his duties were transferred to Igor Zavrazhnov.[14]

The fate of Vladimir Shamakhov, FCS first deputy head, remains unclear. According to reports in the Russian media, in early June 2006, new FCS head Andrey Belyaninov transferred most of Shamakhov's duties to his newly appointed deputy Vladimir Malinin, while Shamakhov took a two-month vacation and was expected to tender his resignation soon. A source close to the FCS told Interfax that Shamakhov plans to take up a job in the St. Petersburg municipal administration. So far, Tatyana Golendeyeva is the only FCS deputy head from Zherikhov's team who seems to have retained her position.[14,15]

The new FCS head, Andrey Belyaninov, was born in 1957. In 1978, he graduated from the Plekhanov Moscow State Institute of National Economy (now Plekhanov Russian Academy of Economics), and in 1994, he graduated from the Academy of National Economy under the Government of the Russian Federation. From 1978 to 1991, he served at the First Main Directorate (foreign intelligence) of the Soviet Committee for State Security (KGB). In the second half of the 1980s, Belyaninov served in the Soviet Embassy in East Germany. Between 1992 and 1999, Belyaninov held various positions in commercial banks. In December 1999, he was appointed deputy director general of the Promeksport Federal State Unitary Enterprise, the Russian arms export entity that merged with Rosvooruzheniye in 2000 to form the state-owned Russian arms-trading company Rosoboroneksport. In November 2000, Belyaninov became director general of Rosoboroneksport. In April 2004, he was appointed director of the Federal Service for Arms Procurement, Rosoboronzakaz, under the Ministry of Defense.[16]

Editor's Note: Russia's Federal Service for Arms Procurement, Rosoboronzakaz, is a federal executive agency under the Ministry of Defense that controls and supervises the compliance by all Russian entities with Russian laws and regulations regarding the government's arms procurement.[17]

Sources: [1] "Obzor publikatsiy v presse o deyatelnosti tamozhennykh organov Rossii za period s 7 po 19 maya 2006 goda" (The review of press publications regarding the activities of Russia's customs service for May 7-19, 2006), Russia's Federal Customs Service website, May 19, 2006, <<http://www.customs.ru/ru/press/pub/index.php?id286=10453>>.

[2] "Prokuratura sovместno s FSB RF rassleduyet okolo 20 ugovolnykh del po faktam zloupotrebleniya dolzhnostnymi polnomochiyami v sisteme tamozhennykh organov i MERT" (The Prosecutor's Office investigates jointly with the Russian Federal Security Service about 20 criminal cases of abuses of office in the Customs Service and the Ministry of Economic Development and Trade), Prime-Tass, May 12, 2006, <<http://www.prime-tass.ru>>.

[3] Yekaterina Blinova, Dmitriy Simakin, "Mesyats borby s korruptsiyey stal rekordnym po kolichestvy VIP-posadok" (A month of anti-corruption fight hit the record of VIP arrests), *Nezavisimaya gazeta* online edition, June 19, 2006, <<http://www.ng.ru>>.

[4] "Stenograficheskiy otchet o soveshchaniy s chlenami pravitelstva" (Verbatim records of the meeting with government members), April 10, 2006, President of Russia website, <http://www.kremlin.ru/appears/2006/04/10/1626_type63378type63381_104350.shtml>.

[5] "Poslaniye Federalnomu Sobraniyu Rossiyskoy Federatsii" (Address to the Federal Assembly of the Russian Federation), May 10, 2006, President of Russia website, <<http://www.kremlin.ru/sdocs/appears.shtml?type=63372>>.

[6] Presidential Edict No. 473 of May 11, 2006, "Voprosy Federalnoy tamozhennoy sluzhby" (Issues of the Federal Customs Service), President of Russia website, <<http://www.kremlin.ru>>.

[7] Directive No. 682-r of May 12, 2006, "O Zherikhove A.Ye." (On A.Ye. Zherikhov), Government of the Russian Federation website, <<http://www.government.ru>>.

[8] Directive No. 683-r of May 12, 2006, "O rukovoditele Federalnoy tamozhennoy sluzhby" (On the head of the Federal Customs Service), Government of the Russian Federation website, <<http://www.government.ru>>.

[9] Directive No. 688-r of May 12, 2006, "Ob Azarove Yu.F." (On Yu.F. Azarov), Government of the Russian Federation website, <<http://www.government.ru>>.

[10] Directive No. 689-r of May 12, 2006, "O Lozbenko L.A." (On L.A. Lozbenko), Government of the Russian Federation website, <<http://www.government.ru>>.

[11] Directive No. 749-r of May 26, 2006, "O zamestitele rukovoditelya Federalnoy tamozhennoy sluzhby" (On the deputy head of the Federal Customs Service), Government of the Russian Federation website, <<http://www.government.ru>>.

[12] Directive No. 750-r of May 26, 2006, "O zamestitele rukovoditelya Federalnoy tamozhennoy sluzhby" (On the deputy head of the Federal Customs Service), Government of the Russian Federation website, <<http://www.government.ru>>.

[13] "Fradkov uvolil eshche odnogo zamestitelya nachalnika tamozhni" (Fradkov sacked another deputy head of customs), *Gazeta.ru*, June 15, 2006, <<http://www.gazeta.ru>>.

[14] Andrey Tsyganov, Dmitriy Butrin, "Tamozhnya menyaet rasstanovku silovikov" (Customs changes the configuration of the security officials), *Kommersant Publishing House* (Russia), June 17, 2006; in *RATEK Association website*, June 19, 2006, <<http://www.ratek.org>>.

[15] "Top Russian Customs Official May Resign—Source," *Interfax*, June 16, 2006, <<http://www.interfax.ru>>.

[16] "Novym rukovoditelem FTS Rossii naznacheni Andrey Belyaninov" (Andrey Belyaninov appointed new FCS head), *RIA Novosti*, May 12, 2006, <<http://www.rian.ru>>.

[17] Russia's Federal Service for Arms Procurement website, <<http://www.fsoz.gov.ru>>.

of a large shipment of zinc that was contaminated with traces of cesium-137.[1,2,3] The 15,386kg shipment was seized at the Alat customs checkpoint in the southern Bukhara region of Uzbekistan, on the border with Turkmenistan.[2] The radiation was detected by the Russian-made Yantar radiation detection system installed at the Alat checkpoint as the shipment was passing through the inspection portal. Upon further examination of the shipment with hand-held devices, Uzbek custom officials determined that the radiation level at a distance of 1.5m from the closed container was 240-300 microrentgen per hour, which was 12 to 20 times higher than the natural background radiation level of 17 to 20 microrentgen per hour. The radiation level at a distance of 2.5m from the container was determined to be safe, according to the SCC press release. Subsequently the shipment was transferred to a specially designated isolation area.[2,4] The Uzbek customs officials discovered documents in the consignment that described the contents of the shipment as "zinc dust, zinc powder, zinc scales, etc. Sublimated and oxidized zinc." The documents indicated that the shipment was en route from Kazakhstan to Iran via Uzbekistan. The analysis of the samples of scrap metal sent by the Uzbek customs officials to the Institute of Nuclear Physics of the Academy of Sciences of Uzbekistan showed that the zinc contained traces of the radionuclide cesium-137.[2,4]

In accordance with Uzbek law No.362-II "On waste" of April 5, 2002, any shipment contaminated by cesium-137 is classified as a "dangerous cargo." Moreover, the transit of such cargo through the territory of Uzbekistan requires a permit from the Cabinet of Ministers of Uzbekistan, as mandated by the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal as well as by the Uzbek law "On transit of special cargos and military contingents." [Editor's Note: Both Uzbekistan and Kazakhstan are signatories to the Basel Convention.][2,3]

The results of the preliminary investigation carried out by Uzbek law enforcement authorities indicate that the Kazakh exporter—the metallurgical enterprise Casting LLP based in Pavlodar (northern Kazakhstan)—used false information to fill out the cargo customs declaration form, waybill, transportation waybill, sanitary-epidemiological certification form, and quality certificate in order to facilitate the unlicensed transit of the cargo through the territory of Uzbekistan. Uzbek law enforcement authorities launched a criminal investigation into the incident.[2,3]

The same SCC press release mentioned another case of illegal transit involving a cargo contaminated with radioactive materials through the territory of Uzbekistan. Although neither the date nor location of the seizure is mentioned in the press release, it appears that the shipment en route from Kazakhstan to Tajikistan was officially described as "oxidized molybdenum," and was seized at a customs checkpoint in the

Illicit Trafficking

Radioactive Scrap Metal Seized in Uzbekistan

On May 11, 2006, the State Customs Committee of Uzbekistan (SCC) issued a press release describing the seizure

Tashkent region. Similar to the Alat seizure, the radiation detection system installed at the customs checkpoint sounded an alarm and alerted the Uzbek customs officials to the presence of radioactive materials. The subsequent analysis of the samples sent to the Institute of Nuclear Physics revealed that the scrap metal shipment contained traces of radium-226, uranium-234, uranium-238, and thorium-234. Uzbek law enforcement authorities launched a criminal investigation into the incident.[1,2,3,4]

Editor's Notes: Cesium-137 is a radioisotope typically used in many commercial applications in industry and medicine. It has a 30-year half-life and emits penetrating gamma radiation. Thus, it can pose both an internal and external health hazard. However, a radioactive source containing cesium-137 would usually have to contain more than 100 curies of radioactivity before being considered a source that could fuel a powerful radiological dispersal device (RDD), such as a "dirty bomb." Although the reports discussed above do not specify the exact amount of cesium-137 involved, because the reports indicated that cesium-137 was only present in trace amounts, it is assumed that the confiscated shipment did not contain enough cesium-137 to make a potent RDD.

Radium-226 is a decay product of uranium-238. With a half-life of 1,602 years, it is one of the longest-lived isotopes of radium and it is the most commonly found in nature. Radium-226 primarily emits alpha radiation. In relatively large quantities, that is, more than 100 curies of radioactivity, a radioactive source containing radium-226 harbors a great potential to harm health if it is inhaled, injected, ingested or if an unprotected person is exposed to it. Once radium-226 enters the body, it deposits in bone marrow and can cause cancer, skin sores and many other detrimental health effects. Radium-226's decay product radon gas, if prevalent in large amounts, can also pose a hazard to health.[5]

Uranium-234 is an isotope of uranium that makes up only 0.0055 percent in natural uranium. It has a half-life of 245,000 years. It is an insignificant source of alpha radiation and as such does not pose a significant threat to public health.[6]

Uranium-238 is the primary component (99.3 percent) of natural uranium. It has a very long half-life (4.5 billion years) and thus poses a very minor radiation hazard. It is impossible to know from the available information whether the uranium-238 traces discovered in the scrap metal shipment were natural or represented depleted uranium. Depleted uranium, which contains less uranium-235 than natural uranium, is commonly used in non-nuclear applications such as ballasts in sailboats and aircraft, as well as shielding cases for X-ray devices. It poses less of a radiological hazard than natural uranium, but it could lead to heavy metal poisoning and other

health effects such as kidney damage if ingested or inhaled in amounts containing more than several micrograms.

Thorium-234 is a trace radioisotope (that is, it is a naturally occurring decay product) of uranium-238. With a half-life of only 24.1 days, it emits beta radiation relatively rapidly. Exposure to aerosolized thorium-234 can lead to increased risk of cancer of the lungs, pancreas, and blood. If this substance is ingested it can lead to increased risk of liver disease. However, because it is a trace radioisotope, there is usually very little of it present to cause serious health effects.[7]

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Metal Thieves Target Russian Radioisotope-Thermal Generators (RTGs) Stored at Military Base

On May 19, 2006, the Norway-based environmental organization Bellona Foundation made public a letter, received from Ye.V. Ivanov, first deputy military prosecutor of Russia's Siberian Military District, in which the latter confirmed that an incident involving radioisotope thermal generators (RTGs) had taken place two months earlier. Previously, on April 12, 2006, Bellona had reported on its website that in late March 2006 scrap metal hunters disassembled four out of eight unguarded RTGs in a remote location near Norilsk, Krasnoyarsk Krai, Russia.

According to the Bellona April 2006 report, the Gorn type RTGs containing strontium-90 sources, each with 170,000 curies of radioactivity, were originally deployed by the Russian Defense Ministry in 1992 at a branch of Military Unit 96211 (headquartered near Dubna, Moscow Oblast), 60km south of Norilsk, to power unspecified special equipment. Ivanov's subsequent letter clarified that the RTGs powered an automated seismic monitoring station at the site. Due to lack of funds to maintain the branch seismic unit, in late 2005 it was moved to an unspecified location, but the RTGs remained at the original site, unguarded.[1]

According to Ivanov's letter, on March 21, 2006, residents of the near-by town of Kayyerkhan illegally entered the automated seismic station of Military Unit 96211 and

disassembled four RTGs, stealing the non-radioactive parts, such as radiators, sockets, voltage limiters, and connecting cables. Ivanov added that the radiation sources had not been damaged or stolen, and no radioactive contamination of the environment had resulted. According to the letter, on March 24, 2006, the Kayyerkhan police opened a criminal investigation into the case in accordance with Part 3 of Article 158, "Theft," of the Russian Criminal Code. Ivanov stated that all the stolen items had been recovered, but he did not specify whether the perpetrators had been arrested. According to the official, the Military Prosecutor's Office of the Siberian Military District demanded the commanders of military units 46179 and 96211 take additional security measures at the seismic station and dismantle and dispose of radioactive sources.[2]

According to Vladimir Prilepskiikh, head of the Siberian Division of the Federal Service for Environmental, Technological and Atomic Supervision, or Rostekhnadzor, in an interview with Bellona, the responsibility for monitoring nuclear and radiation safety at military units was transferred from Gosatomnadzor, Rostekhnadzor's predecessor, to the Ministry of Defense in 1995. This has made it difficult for Rostekhnadzor to control military-related RTGs.[1]

Editor's Note: Up until the late 1990s nearly 1,000 Soviet-era RTGs were located in northwest Russia and the Russian Far East to power navigational beacons, lighthouses, and communications relay stations. Over the last few years there has been an international effort to replace these radioactive power sources with non-radioactive ones. However, hundreds of RTGs remain in use in Russia. Due to their remote locations and lack of security, these Russian RTGs remain highly vulnerable to theft.

For more information on previous thefts involving RTGs and international assistance efforts, see: "Oslo Workshop on RTG Decommissioning and Replacement," NIS Export Control Observer, March 2005, pp. 15-17; "Increasing International Attention Paid to RTGs in Russian Arctic," NIS Export Control Observer, May 2004, pp. 8-9; "Thieves Steal Powerful Radioactive Sources Near Murmansk, Discard Radioactive Material," NIS Export Control Observer, February 2004, pp. 13-14; "Summary of Reported Nuclear, Radioisotope, and Dual-Use Materials Trafficking Incidents Involving the NIS during 2003," NIS Export Control Observer, December 2003/January 2004, pp. 18-24; "United States to Give Aid to Replace Nuclear Lighthouse Stations in Russia," NIS Export Control Observer, June 2003, pp. 4-5, <<http://www.cns.miis.edu/pubs/nisexcon/index.htm>>.

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Two Cases of Nuclear Material Smuggling in South Asia

In April and May 2006, two separate incidents, one in India and the other in Bangladesh, highlighted the problem of controlling potential avenues for non-state actors to acquire nuclear materials and related technologies.

On April 11, 2006, three suspects were arrested in the city of Guwahati, in the Indian state of Assam, for attempting to sell one kilogram of a powdery substance thought to be uranium to undercover police officers. The three arrested were identified as Dhiren Bharali, Krishna Das, and Nirol Das. The seized material bore markings indicating that it was "enriched uranium" to be used as fuel for nuclear power plants. The markings also indicated that the material had been taken from the Indian Department of Atomic Energy's research facility in the city of Shillong in the province of Meghalaya. [Editor's Note: Assam and Meghalaya are neighboring provinces in northeastern India.] Indian authorities sent the materials, which appeared to be semi-processed uranium, or "yellow cake," for further testing to confirm its composition; however the results of these tests have not been reported.[1,2]

If the investigation reveals that the material is indeed semi-processed uranium originating from the Shillong facility, this would raise serious questions about the security of nuclear materials at the facility. Exactly one year earlier, on April 11, 2005, authorities in Guwahati arrested two individuals in possession of semi-processed uranium. Those materials also appeared to have come from the Shillong facility. In 1993, 97kg of yellow cake were stolen from the facility. Arrests were made in connection with the 1993 theft and unknown quantities recovered, but the bulk of the nuclear material has not been found.[3] It is unclear if the materials seized more recently are related to the 1993 theft.

On May 17, 2006, Bangladeshi officials in Khulna arrested a man for attempting to sell uranium and a nuclear-related manual and instructional CD. The suspect—who has been identified in media sources as either Kartik Chandra Saha or Kartik Chandra Roy—was arrested by members of Bangladesh's Rapid Action Battalion (RAB).[4,5] RAB officers had arranged a meeting with the suspect after receiving a tip-off about the operation. Kartik Chandra reportedly offered two billion taka (US\$30 million) worth of uranium, as well as the manual and CDs which detailed how to use uranium and where to procure explosives.[4,5]

Few details have been released about the arrest in Bangladesh and the origin of the uranium and instruction materials is unclear. However, prior to the May 17 arrest the Bangalore, India-based newspaper *Vijay Karnataka (Vijay Times)* reported that Nepal and Bangladesh have become hubs for the illegal transport of nuclear materials originating in India. The report—which has not been independently corroborated—was

published on April 30, 2006, and claimed that smugglers are sending yellow cake and other nuclear materials through a corridor in northeastern India often used by drug smugglers. The reported recipients of the nuclear materials were unnamed groups suspected to be related to al Qa'ida. The materials being smuggled reportedly were stolen from the processing center of Uranium Corporation of India, Limited (UCIL) in the northeastern province of Jharkhan.[6] However, it should be noted that reports of this kind have been seen periodically for many years, and they are often exaggerated.[7]

Sources: [1] "Three Arrested in Assam for Allegedly Possessing Uranium," Indo-Asian News Service, April 12, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [2] "Thefts of Uranium Samples Cause Concern," *Hindustan Times*, April 13, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [3] Subir Bhaumik, "India Foils Uranium Theft 'Plot'," BBC News, April 11, 2005, <<http://news.bbc.co.uk>>. [4] "Bangladeshi Man Arrested in Suspected Uranium Scam," Agence France Press, May 18, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [5] "Man Held with CD Detailing Basic Nuke Info," *Daily Star* online version, May 16, 2006, <<http://www.thedailystar.net>>. [6] Amlan Home Chowdhury, "Is Al-Qaeda Getting Jharkhand Uranium?" *Vijay Times* (Bangalore), April 30, 2006; in OSC Document SAP20060502378007. [7] Haider Nizamani and Arjun Dutta, "Smuggling of Uranium From India: Stories Persist," *WMD Insights*, June 2006, <http://wmdinsights.org/16/16_SA2_SmugglingOfUranium.htm>.

International Assistance Programs

EU and Russia Launch a Joint Project to Enhance Russia's Export Control of Dual-Use Items

On May 18, 2006, the Delegation of the European Commission (EC) in Russia hosted a meeting marking the official launch of the joint European Union (EU)-Russia project entitled "Enhancement of the Export Control of Dual Use Items in the Russian Federation." [1] EU representatives at the meeting included: Dr. Bernhard Heitzer, President of Germany's Federal Office of Economics and Export Control (BAFA); Dr. Andreas Strub, coordinator of the EU Council's Office of the Personal Representative to the High Representative for Nonproliferation of Weapons of Mass Destruction (WMD); Dr. Guenther Sproegel, German Federal Ministry of Economics and Technology; and Olaf Simonsen, BAFA Vice President. [2]

The overall objective of the project is to raise the effectiveness of export controls of dual-use goods in the Russian Federation and incorporates a wide variety of activities that are broadly divided into the following three subject areas:

- (1) enhancement of the legal and regulatory framework in the sphere of export control;
- (2) enhancement of the capacity of relevant Russian export control authorities, including promoting

- information exchange on best practices between European and Russian export control authorities; and
- (3) improvement of government-industry cooperation in the export control field, including raising awareness of representatives from industry and scientific community about dual-use export controls. [3]

The export control project will be implemented under the umbrella of the EU's TACIS (Technical Assistance to the Commonwealth of Independent States) outreach program. Based on the EU's commitments under UN Security Council Resolution 1540 and consistent with the EU's "Strategy Against WMD Proliferation," cooperation on the project is aimed at developing close economic relations between Russia and the EU, facilitating Russia's integration into the global economy, and fighting the proliferation of WMD and related materials, equipment and technologies. [1,3] The duration of the project, which will cost €3 million (US \$3.8 million), is limited to 36 months and it is scheduled to end in November 2008. [3] In accordance with the terms of reference for this project, the EC's Delegation in Russia will act as a primary contracting authority, while BAFA will be an EU consultant responsible for implementing the project in cooperation with the Russian Federal Technical and Export Control Service (FTECS), which will serve as the main Russian project partner. On the EU side, the project coordinator is Mr. Olaf Simonen, BAFA Vice President, and Ms. Irina Albrecht, another BAFA official, is the project leader. On the Russian side, FTECS Deputy Director, Sergey Yakimov is the project leader. [1,2,3,4]

One outcome of the project will be the creation of a reference guidebook on export controls that will contain information on all relevant regulations to assist industry representatives and the scientific community with compliance. [3,4] According to the timeline of the project, the reference guidebook will be produced sometime between September 2006 and June 2007 and it will be available for dissemination in July 2007. [3,4] The project will also create an online information center, although it is not clear what functions it will serve other than to solicit recommendations and comments from the stakeholders, according to the official project description. [3,4]

In his welcome speech at the project's inaugural meeting, the Head of the EC's Delegation in Russia, Ambassador Marc Franco, noted that the project reflects the EU's "commitment to develop mature and balanced economic relations with Russia in the perspective of a Common Economic Space and also responds to the need to better address global challenges, in particular, the nonproliferation of WMD, through the creation of a Common Space of External Security." [5] In response, FTECS Deputy Director Yakimov pointed out in his address that this is the first project sponsored under the TACIS that is oriented towards joint actions against WMD proliferation and international terrorism. [6] In separate comments to media on EU assistance, Yakimov stated, "This

does not mean that we are trying to milk two cows simultaneously, both European and American experience in creating system of control over exports of dual-use goods in our case will compliment each other.”[7]

The official description of the project is found on the EU’s Outreach Projects website at <http://www.eu-outreach.info/public/tacis_project/pdf/tacis_project_presentation.pdf>. In addition, the tentative timeline of the project with scheduled deliverables is also available on-line at the same website at <http://www.eu-outreach.info/public/download/tacis/kickoff_presentation_albrecht.pdf>.

Sources: [1] “EU and Russia Set to Work Together on Export Control of Dual Use Items,” Delegation of the European Commission in Russia, Press Release, May 10, 2006; in EU-Outreach-Projects website, <http://www.eu-outreach.info/public/download/press_release/press_release_russia_2006_may_10_en.pdf>. [2] Project Kick-Off Meeting “Export Control of Dual Use Items,” Meeting Agenda, May 18, 2006; in EU-Outreach-Projects website, <http://www.eu-outreach.info/public/download/tacis/kickoff_agenda_en.pdf>. [3] TACIS Project 2006-2008, “Enhancement of the Export Control of Dual Use Items in the Russian Federation,” Federal Office of Economics and Export Control (BAFA), 2006; in EU-Outreach-Projects website, <http://www.eu-outreach.info/public/tacis_project/pdf/tacis_project_presentation.pdf>. [4] “Export control of dual use items: Russian Federation,” PowerPoint Presentation by the EU Project Leader, Irina Albrecht (BAFA) at the Kick-off meeting for the joint EU-Russia project on enhancing Russia’s export control of dual-use items, May 18, 2006; in EU-Outreach-Projects website, <http://www.eu-outreach.info/public/download/tacis/kickoff_presentation_albrecht.pdf>. [5] Address by H.E. Marc Franco, Launching Conference for Project “Export Controls of Dual-use Items,” EC Delegation to the Russian Federation, May 18, 2006; in EU-Outreach-Projects website, <http://www.eu-outreach.info/public/download/tacis/kickoff_speech_franco.pdf>. [6] Address by Mr. Sergey F. Yakimov, Russian Federal Technical and Export Control Service, Russian Project Leader, May 18, 2006; in EU-Outreach-Projects website, <http://www.eu-outreach.info/public/download/tacis/kickoff_speech_yakimov.pdf>. [7] Sergey Kulikov, “Dvoynoy evrokontrol” (Double eurocontrol), *Nezavisimaya gazeta* online edition, May 19, 2006, <http://www.ng.ru/economics/2006-05-19/4_evrokontrol.html>.

United States Provides Equipment to Tajik Border Guards

On May 10, 2006, a ceremony marking the donation of equipment by the U.S. government to the Tajik State Committee on State Border Protection (SCSBP) was held in Dushanbe, Tajikistan. The equipment, worth US\$523,000, consisted of five Kamaz trucks, ten Hunter trucks, and six contraband detection kits. The donation was part of the technical assistance from the U.S. Department of State’s Bureau of International Narcotics and Law Enforcement (INL), under the *Strengthening Control along the Tajik/Afghan Border* project. This project is being implemented by the United Nations Office for Drugs and Crime (UNODC). The ceremony was attended by Denver Fleming, Senior Law Enforcement Adviser at the U.S. Embassy in Tajikistan, Muzaffar Abdulloyev, SCSBP deputy chairman, and Sergey Bozhko, UNODC regional program coordinator.[1,2]

UNODC’s *Strengthening Control along the Tajik/Afghan Border* project started in 1999 and aims to assist Tajik law enforcement agencies deployed in the most sensitive points on the border with Afghanistan, as well as at selected Tajik airports and railway stations, to perform the following tasks: identifying and intercepting drug traffickers; facilitating storage and destruction of drugs seized in the country by Tajik and Russian forces; and promoting a more effective utilization of sniffing dogs employed both at the border control posts and the inner territory of Tajikistan, i.e. railways stations and airports.[3]

Sources: [1] “U.S. Provides Assistance to Tajik Border Guards,” May 10, 2006, U.S. Embassy in Tajikistan Press Release, <http://tajikistan.usembassy.gov/pt_051006.html>. [2] Anvarbek Siddikov, “Tekhnicheskaya pomoshch SShA tadjhikskim pogranchnikam” (U.S. technical assistance to Tajik border guards), Khovar New Agency (Tajikistan), May 11, 2006, <<http://www.khovar.tj>>. [3] “United Nations Office for Drugs and Crime (UNODC),” Donor Coordination in Tajikistan website, <http://www.unj.org/donors/profiles_text?id=37>.

United States and South Korea Help Kazakhstan to Bolster Naval Forces and Border Defense

On May 18, 2006, at a ceremony held at the Kazakh port city of Aktau on the Caspian Sea, U.S. Ambassador to Kazakhstan John Ordway transferred US\$2 million worth of equipment to the Caspian naval border defense division of the regional directorate “Batys” of the Kazakh National Security Committee’s (KNB) Border Service.[1,2,3] *[Editor’s Note: The organizational structure of the Border Service of Kazakhstan incorporates the following regional directorates: “Soltustik” (North) in Kostanay (northern Kazakhstan), “Ontustik” (South) in Saryagash (southern Kazakhstan), “Batys” (West) in Aktau (western Kazakhstan), and “Shygys” (East) in Almaty (south-eastern Kazakhstan).]* The equipment, which included three 42-foot long (12.8-meter long) rapid reaction patrol boats along with trailers and spare parts, was donated to Kazakhstan under the aegis of the U.S. government’s Export Control and Related Border Security Assistance Program (EXBS) with support from the U.S. Coast Guard.[1]

Built by the U.S. company SAFE Boat International based out of Port Orchard, Washington, the new patrol boats are meant to defend the coastline and naval border and to prevent trafficking of weapons and drugs. The aluminum chambered boats, are specifically designed to enhance their maneuverability in the shallow waters of the Caspian Sea. According to Ambassador Ordway, the boats can reach speeds of up to 30-32 miles/hour (approximately 60km/hour). In summer 2005, four officers from the Kazakh naval border defense division were trained at the shipbuilding plant of the manufacturer in Port Orchard, where they studied the technical characteristics of the rapid reaction patrol boats and acquired skills necessary for their technical maintenance.[1,2,3]

In his speech at the ceremony, Ambassador Ordway expressed hope that the new patrol boats will bolster Kazakhstan's ability to carry out law enforcement and border defense activities on the Caspian Sea. In response, the *akim* (head of the regional administration) of the Mangistau Oblast, Krymbek Kusherbayev, noted that the cooperation with the United States in the area of export control and related border security represents one of the vital components of the U.S.-Kazakh partnership aimed at strengthening peace and security and directed against international terrorism and other transnational threats.[1] It is envisioned that in the foreseeable future the patrol boats will be dispatched to the Atyrau region in the northern sector of the Caspian Sea, on the border with the Russian Federation. They will be used by the third division of the naval border defense division stationed in the port city of Atyrau to monitor the estuaries of the Volga and Ural rivers.[1]

In a related development, on May 16, 2006 the Kazakh Ministry of Defense and South Korean National Defense Ministry signed a memorandum on military cooperation. According to the agreement, South Korea will provide military assistance to the Kazakh ground forces and navy, including military education programs, and officer training exchanges. The memorandum was signed in the course of the May 15-17, 2006, visit to Kazakhstan by a South Korean military delegation.[2,4,5] The South Korean officials met key Kazakh officials and visited military facilities. Earlier, on May 5, 2006, the South Korean government transferred three patrol boats to Kazakhstan at the Turkish port of Pendik on the Mediterranean Sea. As of early May, the Turkish navy was to assist Kazakhstan in transporting the patrol boats for deployment at the port of Aktau on the Caspian Sea. These boats are intended for the protection of the oil infrastructure on the Caspian Sea. [2,4,5]

Sources: [1] "SShA peredali Pogranichnoy sluzhbe RK tri katera" (USA transferred three patrol boats to the Border Service of Republic of Kazakhstan), Kazakhstan Today News Agency, May 18, 2006; in Gazeta.kz, <<http://www.gazeta.kz>>. [2] Roger McDermott, "Kazakhstan Boosting Caspian Security," *Eurasia Daily Monitor*, May 23, 2006, The Jamestown Foundation website, <<http://jamestown.org/edm/index.php>>. [3] "US Gives Kazakh Border Guards Three New Patrol Boats," Interfax-Kazakhstan, May 18, 2006; in OSC Document CEP20060518950061. [4] "Kazakhstan poluchil ot Yuzhnoy Korei tri voyennykh katera" (Kazakhstan received three military patrol boats from South Korea), RosBusinessConsulting News Agency, May 5, 2006; in Utro.ru website, <<http://www.utro.ru>>. [5] "Koreya peredala Kazakhstanu voyennye katera" (Korea transferred military patrol boats to Kazakhstan), ForUm (Ukrainian online newspaper), May 5, 2006, <<http://www.for-ua.com>>.

Radiation Detection Equipment Installed in Dagestan, Russia

According to the Dagestan news agency, a new-generation Yantar radiation detection system was installed in May 2006 at the international airport of Makhachkala, Republic of Dagestan, Russian Federation. According to Zoya Amirkhanova, spokesperson for the Dagestan Customs Office (Southern Customs Directorate of the Russian Federal

Customs Service), the newly installed equipment is more sensitive than previous systems, allowing for more precise radioactivity measurement of items crossing the border. The Russian made Yantar system was provided to the Makhachkala airport under the Second Line of Defense (SLD) program administered by the U.S. Department of Energy's National Nuclear Security Administration.[1]

Editor's Note: The SLD program launched in 1998 focuses on preventing illicit trafficking of nuclear and other radioactive materials through major railways, airports, seaports, and other state entry and exit points in Russia and other key transit states in the Baltics, Central and Eastern Europe, Central Asia, and the Mediterranean region. Under the SLD program, the U.S. government installs and maintains radiation detection equipment, and provides training to officials of the participating nations in the use of the equipment.[2,3]

Sources: [1] "Na tamozhennykh postakh Dagestana ustanovleno oborudovaniye po poisku radioaktivnykh tovarov" (Equipment designed to detect radioactive items installed at Dagestan's customs checkpoints), Dagestan News Agency (Russia), May 19, 2006, <<http://www.riadagestan.ru>>. [2] "Interdicting Nuclear Smuggling: Second Line of Defense Program," Nuclear Threat Initiative website, <http://www.nti.org/e_research/cnwm/interdicting/second.asp>. [3] "Second Line of Defense Program," Office of Defense Nuclear Nonproliferation, National Nuclear Security Administration website, <<http://www.nnsa.doe.gov/na-20/sld.shtml>>.

Embargo and Sanction Regimes

U.S. Government Changes Trade Restriction Status for Libya, Venezuela

On May 15, 2006, the U.S. Department of State announced changes in diplomatic and trade status for a number of countries based on Washington's assessment of their assistance with U.S. anti-terrorism efforts. This article looks at the two most notable changes in status—those of Libya and Venezuela.

Libya

U.S. Secretary of State Condoleezza Rice announced on May 15, 2006, that the United States will remove Libya from the U.S. list of "State Sponsors of Terrorism" (SST) and restore full diplomatic relations with Libya as a result of Libya's 2003 decision to abandon its support for terrorism and its programs to develop weapons of mass destruction (WMD) and ballistic missiles.[1] The normalization of bilateral relations means the end of a sour relationship that began following a 1973 coup led by Colonel Muammar el-Qaddafi. Ties were cut between the two countries in 1979 when the U.S. embassy in Tripoli was sacked and burned. In 1986, in retaliation for the bombing of a Berlin nightclub that Washington believed was sponsored by the Qaddafi government, the U.S. military carried out air strikes against Libya. Tripoli has been tied to a number of other high profile

terrorist incidents, including most notoriously the 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland. Washington listed Tripoli as a state sponsor of terrorism and imposed a number of economic sanctions and a complete embargo on Libya. In 1992, the United Nations Security Council (UNSC) passed resolutions 731 and 748 that placed international sanctions on Libya for its sponsorship of terrorism.[2,3,4,5]

Libya's return to the international community started in 1999 when Tripoli extradited two Libyan citizens suspected of being responsible for the bombing of Pan Am Flight 103. (The two were convicted of the crime in 2001 by a special court in The Hague, the Netherlands.) Following the 2003 decision by the Libyan government to provide up to US\$2.7 billion to the families of the Flight 103 victims, to cooperate fully with investigations into Libya's alleged involvement in terrorist activities, and to officially pledge that it would not support terrorism, the UNSC lifted the international sanctions on Libya.[5,6] In December 2003, after eight months of negotiations with the United States and the United Kingdom, Qaddafi announced that Libya would dismantle all of its WMD and ballistic missiles programs. Additionally, Tripoli gave Washington and International Atomic Energy Agency officials nuclear weapon design documents that it had received from the black market network of Pakistani scientist A. Q. Khan.[7] As a result, in 2004 the U.S. government released Libyan government assets frozen since the start of the U.S. embargo and gradually began to allow the resumption of commercial activity and financial transactions with Libya.[6] However, Washington kept Tripoli on its "State Sponsors of Terrorism" list because of Libya's continued support of Hezbollah and other Palestinian groups designated as terrorist organizations by the United States. Therefore, items controlled by the Export Administration Regulations (EAR) still required licensing for export to Libya.

This most recent move by the Bush administration to remove the "State Sponsor of Terrorism" designation is due to Libya's continued assistance in the fight against terrorism and illicit WMD networks. As required by U.S. law, the White House submitted a report to Congress recommending the rescinding of Libya's status as a state sponsor of terrorism. Congress must receive such a report at least 45 days prior to the date proposed for removing this designation. Once Libya's designation as state sponsor of terrorism is removed, Tripoli will become eligible for foreign aid and arms exports. Furthermore, licenses will no longer be required for the export of a large range of items controlled under the EAR.

Venezuela

While lifting sanctions on Libya, the State Department imposed stricter controls on Venezuela which is now designated as "not fully cooperating (NFC) with U.S. anti-terrorism efforts." [5,8,9] Under the U.S. Arms Export Control Act (AECA) countries designated by the State Department as

NFC are barred from receiving defense articles and services of U.S. origin. This designation does not include the more restrictive controls imposed on countries designated as "State Sponsors of Terrorism." The State Department has accused Venezuela of being "unwilling to deny safe haven" to two Colombian groups—the Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army (ELN)—designated by the U.S. government as "Foreign Terrorist Organizations". According to the State Department, Chavez's government has allowed FARC members and members of the National Liberation Army (ELN) to cross often into Venezuelan territory to regroup and re-supply, enabling Venezuelan weapons and ammunition to be used by these insurgent groups.[10] Recently, Venezuelan President Hugo Chávez has stirred controversy by condemning the U.S. government and verbally lending support to Iran and the Iraqi insurgency.[11]

With this change in status, which goes into effect on October 1, 2006, the export and re-export of all U.S. commercial defense articles and services to Venezuela will be banned.[9] Currently, U.S. firms supply very little arms and defense services to Venezuela; however issues have been raised recently about the possibility of re-export of U.S.-origin items to Venezuela by third countries. In January 2006, the U.S. government notified the Spanish government that Washington was denying a request to re-export U.S.-origin technology to Venezuela found in military air and sea craft produced in Spain. The Spanish request was in relation to a US\$2 billion deal between Caracas and Madrid for the sale of 12 transport airplanes and eight patrol boats. Washington stated that it would not approve the use of U.S. technology by a government it viewed as oppressive and a source of potential instability for the region.[13]

Sources: [1] "U.S. Diplomatic Relations with Libya," *Secretary's Speeches and Remarks*, May 15, 2006, U.S. Department of State, <<http://www.state.gov/secretary/rm/2006/>>. [2] David I. McKeeby, "U.S. Announces Plans To Restore Diplomatic Ties with Libya, May 15, 2006," *Washington File*, May 15, 2006, <<http://usinfo.state.gov/>>. [3] United Nations Security Council resolution 731, January 21, 1992, available at: <<http://www.terrorismcentral.com/Library/NGOs/UnitedNations/SecurityCouncilRes/UN731.html>>. [4] United Nations Security Council resolution 748 March 31, 1992, available at: <<http://www.terrorismcentral.com/Library/NGOs/UnitedNations/SecurityCouncilRes/UN748.html>>. [5] Joel Brinkley, "U.S. Will Restore Diplomatic Links with the Libyans," *New York Times*, May 16, 2006; in Lexis-Nexis Academic Universe, <<http://web.lexis-nexis.com/>>. [6] "Significant Events in U.S.-Libyan Rapprochement, May 15, 2006," *Fact Sheet*, U.S. Department of State Press Releases, May 15, 2006, <<http://www.state.gov/r/pa/prs/ps/2006/>>. [7] "Libya's Decision to Eliminate WMD and MTCR-Class Missiles Programs: An International Model, May 15, 2006," *Fact Sheet*, U.S. Department of State Press Releases, May 15, 2006, <<http://www.state.gov/r/pa/prs/ps/2006/>>. [8] Transcript of Daily Press Briefing, Sean McCormack, May 15, 2006, *Daily Press Briefing*, May 15, 2006, U.S. Department of State Press Releases, <<http://www.state.gov/r/pa/prs/dpb/2006/66267.htm>>. [9] "Venezuela: Not Fully Cooperating with U.S. Anti-Terrorism Efforts," *Taken Question* (a follow-up press release to the Daily Press Briefing, May 15, 2006), U.S. Department of State Press Releases, May 15, 2006, <<http://www.state.gov/r/pa/prs/ps/2006/66262.htm>>. [10] "Country Reports on Terrorism, Chapter 5—Country Reports: Western Hemisphere Overview," *Office of the Coordinator for Counterterrorism*, U.S. Department of State, released on April 28, 2006, <<http://www.state.gov/>>

s/ct/rls/crt/2005/64346.htm>. [11] “Highlights: Venezuelan Leaders’ Statements on US 13-19 May 06,” OSC Report, May 13, 2006; in OSC Document LAP20060520073001. [12] Thomas E. Ricks, “U.S. Ends Arms Sales to Venezuela, Citing Terrorism Fight,” *Washington Post*, May 16, 2006; in Lexis-Nexis Academic Universe, <<http://web.lexis-nexis.com>>. [13] Renwick McLean, “U.S. Bars Spain’s Sale of Planes to ‘Antidemocratic’ Venezuela,” *New York Times*, January 14, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>.

Six South Korean Firms Punished for Illegal Chemical Exports

On May 29, 2006, South Korea’s Ministry of Commerce, Industry and Energy (MOCIE) announced that six South Korean firms had violated the country’s *Foreign Trade Act* on multiple occasions in 2005 and 2006. Some companies were penalized, while others received warnings for making unlicensed shipments of controlled chemicals to a number of countries.[1,2,3,4]

MOCIE discovered the violations while conducting a review of exports of 82 chemicals included on the South Korean control list, which is consistent with the Australia Group’s list of controlled chemicals. The review revealed that six firms had failed to obtain the necessary export licenses on a total of 38 occasions.[4,5] It is unclear from available sources how MOCIE identified the illegal transactions from the license review.

MOCIE has not released the names of the companies but provided the following details of the illegal transfers:

- Three firms had exported sodium sulfide without a license to China—one company 14 times, another nine times, and a third only once;
- One firm made a single shipment of sodium sulfide to Bangladesh;
- One company exported hydrogen fluoride to the United States on nine occasions; and
- One firm exported triethanolamine to Mexico four times.

Editor’s Note: The three chemicals mentioned above are all controlled under the Australia Group’s Chemical Weapons Precursor list. Triethanolamine is also controlled as a schedule 3 chemical under the Chemical Weapons Convention. All three chemicals therefore require export licenses from South Korean authorities before their transfer is permitted.

As a result of the investigation, three of the companies have been barred from obtaining export or import licenses from MOCIE for restricted items for almost three months (from June 5, 2006 to August 24, 2006).[4] The other three firms received warnings because their violations were seen as minimal; two of these firms had single violations in 2005, while the other shipped hydrogen fluoride to the United States, which South Korea considers a “clean country.” *[Editor’s Note: The term “clean country” refers to destinations where*

South Korean officials have determined that the shipment would not likely be diverted for illicit use.][4]

The South Korean government recently has been under U.S. pressure to improve its export control implementation, and Seoul has taken steps to reduce the number of illegal exports. However, MOCIE also recognizes that government-industry cooperation is an essential part of an effective export control system. In February 2005, MOCIE established the Strategic Trade Information System to provide information to South Korean firms on controlled items and export licensing procedures. *[Editor’s Note: See “South Korea Launches Online Database for Strategic Items Exports,” Asian Export Control Observer, February/March 2005, pp. 2-3, <<http://cns.mii.edu/pubs/observer/asian/index.htm>>. The system is operated by the Strategic Trade Information Center (STIC) under the Korea International Trade Association, and can be accessed at <<http://www.sec.go.kr>>.]* MOCIE provides lectures and briefings for companies and industry associations, and in the fall of 2006, the ministry plans to provide visiting lectures on export controls at eight universities in South Korea to increase awareness of the need to comply with international and domestic export control regulations.[2,6] By the end of 2006, MOCIE expects to target 10,000 participants for its export control education programs.[7]

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International Developments

Turkey Holds PSI Exercise; Indonesia Considers “Joining” PSI

From May 24-26, 2006, “Anatolian Sun,” a Proliferation Security Initiative (PSI) exercise hosted by Turkey, was held at the southern city of Antalya. This was first such exercise hosted by Turkey and included two days of in-port exercises and one day at sea. It was also the first time that land, sea, and air interdictions were combined in one PSI drill. Military

forces from four nations—Turkey, France, Portugal, and the United States—participated directly, while representatives from more than 30 additional countries observed the exercises, including a number of Central Asian countries, Iraq, and other Persian Gulf countries.[1,2]

During one portion of the exercise, warships from the four participating states tracked and stopped a merchant ship suspected of transporting chemical weapons from the Turkish port of Antalya to a “hostile country.” Ships and aircraft from the participating countries sped to the “suspect” ship to monitor its activities. A Turkish military helicopter forced a civilian helicopter to land at Antalya after the civilian helicopter attempted to offload cargo from the suspected merchant ship. The ship was “secured” after Turkish forces boarded it by rappelling down ropes from helicopters and U.S. military forces arrived by speedboat. In the second portion of the exercise, officials from the Turkish Atomic Energy Institute halted and searched a truck suspected of transporting nuclear materials.[3] Though the Turkish Foreign Minister issued a statement before the exercise declaring that the drill was not aimed at any specific country, the exercise was widely viewed as a warning to neighboring Iran.[1,4]

The PSI was announced by the Bush administration in May 2003 and is a multinational partnership of states designed to interdict illicit shipments of WMD-related materials and missile-related equipment and technology while in transit 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.

Since its start in May 2003, PSI has slowly gained support in both the Middle East and Asia-Pacific region, although a number of key countries—such as Indonesia—have remained skeptical. However, in what appears to be a significant change of policy, Indonesia’s Defense Minister Juwono Sudarsono announced on June 8, 2006, that Jakarta was considering “joining” the PSI. Juwono’s announcement came just two days after a meeting with his U.S. counterpart Donald Rumsfeld. According to an Indonesian media report, Juwono noted that because of the economic and military importance of the United States, Jakarta had no choice but to participate in the initiative. However the defense minister noted that Indonesia would only participate in an “ad hoc manner” and would not be active in all of the aspects of the PSI. Juwono also noted that Indonesia could gain from being active in the PSI since it would assist Jakarta in building its military capacity to patrol the Strait of Malacca.[5] Until very recently, Indonesian officials had questioned the legality of the PSI and had expressed concerns about their interests with regard to the control of the Strait of Malacca.[6]

Sources: [1] “Turkey Hosts Proliferation Security Initiative Exercise,” U.S. Department of State Bureau of International Information Programs website, May 24, 2006, <<http://usinfo.state.gov>>. [2] Jason Chudy, “Navy Personnel Complete WMD Interdiction Exercise,” *Stars and Stripes* (online edition), May 27, 2006, <<http://www.estripes.com>>. [3] “US, Allies Hold WMD-

Seizing Drills in Mediterranean,” Agence France Presse, May 26, 2006; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [4] “Turkey to Host Military Exercise to Stop Spread of WMDs,” *New Anatolian* (online edition), <<http://www.thenewanatolian.com>>. [5] Tiarna Siboro, “RI To Join U.S.-Led Security Arrangement,” *Jakarta Post* (online edition), June 9, 2006, <<http://www.thejakartapost.com>>. [6] “Proliferation Security Initiative Update: Australia Hosts Air Interdiction Exercise; Thailand Attends PSI Meeting,” *International Export Control Observer*, April 2006, pp. 19-20, <<http://cns.miis.edu/pubs/observer/index.htm>>.

Workshops and Conferences

Australia Hosts Export Control Workshop in Philippines; Part of Effort to Bolster Counterterrorism, Counterproliferation in Asia

On May 10-12, 2006, the Australian government hosted a workshop for Philippine export control officials at the Australian embassy in Manila. Attendees at the workshop included approximately 50 Philippine participants from the fields of agricultural, trade, military, and law enforcement, as well as representatives from the Australian Department of Foreign Affairs and Trade (DFAT) and the Australian Federal Police (AFP). The event is part of a comprehensive effort on the part of Australia to combat the spread of weapons of mass destruction (WMD) in the Asia-Pacific region.[1,2]

Florencio Fianza, the Philippine government’s special envoy on transnational crime, noted during the event that the workshop had given Australia the opportunity to share its experiences and best practices in the screening of cargo aimed at stopping the entry of WMD into the country. Fianza further highlighted the difficulties for law enforcement and customs officials in identifying dual-use items that can be used for WMD development. As an example, Fianza noted that “[freeze-drying] equipment for making instant coffee could be easily used to preserve bacteria for a major biological attack.” He stressed that governments need to strengthen their systems and regulations in order to prevent the inadvertent export of dual-use items such as this.[2] Australia’s Chargé d’Affaires Pablo Kang echoed Fianza’s remarks, stating that governments must make sure to have effective export control regimes. He noted that “if [sensitive materials] fall into the wrong hands, we’ll have a much more dangerous world.”[2]

The workshop occurred just days after Australia’s May 9, 2006, announcement that it was allocating Aus\$92.6 million (US\$71.6 million) over the next four years to assist countries in the Asia-Pacific region in the fight against terrorism.[1,3] Although the exact sum of assistance earmarked for Manila is not clear from available sources, the amount is expected to be substantial and has been described as a “multi-million dollar” aid package. Australia’s assistance to the Philippines will focus on a number of areas including:

- increased training for Philippine law enforcement officials by the AFP;

- collaborative efforts to strengthen regional controls on chemical, biological, radiological and nuclear materials; and
- increased information-sharing and exchange of expertise on border control issues, including support for the “Regional Movement Alert List” that promotes mutual access to passport database systems.[1][*Editor’s Note: The Regional Movement Alert List is an Asia-Pacific Economic Cooperation (APEC) initiative designed to enable member states to track the unlawful use of passports that have been reported lost or stolen.*][4]

Editor’s Note: In further counter-terrorism efforts, the Australian and Philippine governments are currently negotiating a pact for joint military exercises, and on May 9, 2006, Philippine Defense Secretary Avelino Cruz announced that arrangements were being made for the stationing of Australian forces on Philippine territory.[5] Kang, in response to domestic criticism of this plan, has argued that the proposed arrangement was “not a basing agreement,” but instead provides “for increased training and exchanges between [the Philippine and Australian] militaries.” He also noted that cooperation between Australian and Philippine police and defense forces would increase the effectiveness of both countries in stopping the spread of WMD to terrorists.[2]

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Internal Compliance Program Workshop Held in Kyzylorda, Kazakhstan

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On May 23-25, 2006, the U.S. Department of Energy’s Pacific Northwest National Laboratory (PNNL) and Kazakhstan’s National Atomic Company (NAC) Kazatomprom organized an Internal Compliance Program (ICP) workshop in Kyzylorda, Kazakhstan. This was the fifth ICP workshop held in Kazakhstan with funding from the U.S. Department of State-administered Export Control and Related Border Security (EXBS) Assistance Program.

The event was attended by three members from NAC Kazatomprom and representatives from ten of its subsidiary enterprises. Representatives from the Kazakhstani Ministry of Industry and Trade, Customs Control Committee, Atomic Energy Committee, the Nuclear Technology Safety Center, and a representative from the A.E. Leypunsky Institute for Physics and Power Engineering in Obninsk, Russia also attended as lecturers.

As in the previous workshops, the May 2006 Kyzylorda ICP workshop included presentations on international perspectives on nonproliferation, the Kazakhstani export control system and legislative changes, the control of sensitive items by the Customs Control Committee, technology and its control, and discussions on methods for strengthening enterprise compliance with the country’s export control laws and regulations. Examples of ICP within PNNL and NAC Kazatomprom were also shared. The workshop included an excursion to the Mining Group No. 6 uranium conversion facilities in Shiili, Kazakhstan.

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