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Recent Developments in the NIS

Prime Ministers of EURASEC Member States Sign Agreement on Export Control

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

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

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

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

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

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

Sources: [1] "Strany-chleny EvrAzEs podpisali ryad soglashenii" [EURASEC member states signed a series of agreements], Rosbalt information agency, October 28, 2003, <<http://www.rosbalt.ru/2003/10/28/126426.html>>. [2] "Novyy vitok integratsii" [A new round of integration], *Kazakhstanskaya pravda*, October 29, 2003; in Integrum Techno, <<http://www.integrum.com>>. [3] "Strany YevrAzEs podpisali chetyre soglasheniya" [EURASEC countries signed four agreements], ITAR TASS, October 28, 2003; in Centran information agency, <http://www.centran.ru/cgi-bin/index.pl?text_id=11420&all=yes>. [4] "Pravitelstvo RF reshilo dorabotat proyekt soglasheniya o yedinom poryadke eksportnogo kontrolya gosudarstv-chlenov YevrAzEs" [The government of the Russian Federation decided to continue to work on the draft of the agreement on common export controls among EURASEC member states], PRIME-TASS, July 10, 2003, <<http://mdm.prime-tass.ru/ns/7/20030710/351541.htm>>. [5] "Podpisat soglasheniye o yedinom poryadke eksportnogo kontrolya gosudarstv-chlenov YevrAzEs rasporyadilsya Mikhail Kasyanov" [Mikhail Kasyanov ordered to sign the agreement on common export controls among EURASEC member states], FK-News information agency, July 17, 2003, <<http://www.fcinfo.ru>>. [6] "M. Kasyanov vyrazil udovletvoreniye razvitiyem finansovykh rynkov stran YevrAzEs, nesmotrya na 'osobuyu pozitsiyu' Belarusi" [M. Kasyanov expressed satisfaction with the development of the financial markets of the EURASEC countries in spite of the "special position" of Belarus], ABNews.ru business news agency, October 28, 2003, <http://www.abnews.ru/type_news_full.html?t=62730&data=news>. [7] For more information on EURASEC, see in the past issues of the *Observer*: "Eurasian Economic Community (EURASEC) Discusses Export Control Issues; Additional Regional Grouping

Launched," *NIS Export Control Observer*, No. 4, April 2003, pp. 4-5; "EURASEC Member Countries Harmonize Export Control Procedures," *NIS Export Control Observer*, No. 8, August 2003, p. 2; "Inter-State Cooperation in the NIS," *NIS Export Control Observer*, No. 9, September 2003, pp. 18-22; <<http://cns.miis.edu/nis-excon>>.

Uzbekistan Liberalizes Export/Import Control Procedures

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

Sources: [1] Ukaz Prezidenta Respubliki Uzbekistan *O merakh po dalneyshey liberalizatsii vneshnetorgovoy deyatel'nosti v Respublike Uzbekistan*, [Edict of the President of the Republic of Uzbekistan *On Measures for further liberalization of foreign trade activity in the Republic of Uzbekistan*], Press Service of the President of the Republic of Uzbekistan website, September 26, 2003, <<http://www.press-service.uz/rus/documents/uk09262003.htm>>. [2] "Zhizn inostrannykh kompaniy v Uzbekistane oblegchitsya" [Life of foreign companies in Uzbekistan will be made easier], Centran information agency, September 29, 2003, <http://www.centran.ru/cgi-bin/index.pl?text_id=10600&all=yes>. [3] "Uzbekistan's Action plan to ensure convertibility of national currency on current international operations," State Property Committee of the Republic of Uzbekistan website, June 27, 2003, <<http://www.spc.gov.uz/ereforms/plan.html>>.

Customs Control Agency of Kazakhstan to Reform Border Checkpoints

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

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

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

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

The fact-finding visits to Germany and Poland also led the CCA to come forward with the initiative to open joint customs posts with Kyrgyzstan, Russia, and Uzbekistan, which was the second topic of the

briefing.[1,3,6] In cooperation with customs officials of Kyrgyzstan and Russia, the CCA plans to establish two pilot joint customs posts – Korday-Akzhol with Kyrgyzstan and Sharbaky-Kulunda with Russia – by the end of 2003.[3,4,7,8] According to Saparbayev, the creation of joint customs posts is aimed at reducing delays at the border and increasing the transit traffic at Kazakhstan’s borders.[3] He also noted that joint customs posts could serve as a way to reorganize customs services within the Single Economic Space called for by the Organization of Regional Integration.[7,9]

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

Sources: [1] Astana dauysy – Golos Astany (Voice of Astana) news agency (Kazakhstan), October 3, 2003, <http://asdaus.astanainfo.kz/news/allnews.htm?menu=view&id=3pBxV8qq8c&type=as_news_capirtal>. [2] “Na granitse Kazakhstana budut deystvovat yedinye kontrolno-propusknyye punkty” [Integrated checkpoints will operate at Kazakhstani border], Gazeta.kz, October 3, 2003, <<http://www.gazeta.kz/art.asp?aid=34610>>. [3] Karina Mikoyan, “Edinaya krysha” [A single roof], *Ekspres K*, October 4, 2003, No. 189 (15349), p. 2. [4] “Informatsiya o deyatelnosti tamozhennykh organov Respubliki Kazakhstan” [Information about the activity of the customs bodies of the Republic of Kazakhstan], Customs Control Agency of the Republic of Kazakhstan website, <http://www.customs.kz/bin/stat/stat_hm?tip=8&id=129>. [5] Postanovleniye Pravitelstva Respubliki Kazakhstan ot 26 noyabrya 2002 goda No. 1256 *Ob obrazovanii Mezhhvedomstvennoy komissii po vyrabotke predlozheniy po obustroystvu i razvitiyu yedinykh kontrolno-propusknykh punktov v avtomobilnykh punktakh propuska Respubliki Kazakhstan*, [Decree of the Government of the Republic of Kazakhstan No. 1256 of November 26, 2002 *On establishing an Interagency Commission on suggestions for development of integrated checkpoints at the vehicle entry-exit points of the Republic of Kazakhstan*], Almaty Customs Control Department website, <<http://almaty.keden.kz/zakonadat/zakon.cgi?doc=783>>. [6] Nikolay Zhorov, “Tamozhnya po evropeyski” [Customs the European way], *Argumenty i Fakty Kazakhstan*, October 10, 2003; in Integrum Techno, <<http://www.integrum.com>>. [7] “V dekabre na granitse Kazakhstana s Rossiiyey i Kyrgyzstanom budut sozdany dva sovместnykh tamozhennykh posta” [Two joint customs posts will be created at the Kazakhstani border with Russia and Kyrgyzstan in December], Gazeta.kz, October 8, 2003, <<http://www.gazeta.kz/art.asp?aid=34816>>. [8] “Agentstvo tamozhennogo kontrolya RK rassmatrivayet vopros o vvedenii na granitse sovместnogo oformleniya” [Customs Control Agency of the Republic of Kazakhstan discusses the introduction of joint customs clearance at the border], TV Channel Khabar, October 10, 2003, TV Channel Khabar website, <http://www.khabar.kz/index.php3?date=2003-10-10&parent_id=1003479943>. [9] For more information on the Organization of Regional Integration and Single Economic Space, see: “Inter-State Cooperation in the NIS,” *NIS Export Control Observer*, No. 9, September 2003, pp. 18-22, <<http://cns.miis.edu/nis-excon>>.

Changes in NIS Export Control Personnel

Latest Changes in Ukrainian Export Control Personnel

On September 26, 2003, President of Ukraine Leonid Kuchma signed several decrees, introducing personnel changes in both the Council of National Security and Defense of Ukraine (CNSDU) and its subdivision, the Presidential Committee on Military and Technical Cooperation and Export Control Policy (CMTCEC).[1,2] *[Editor’s Note: Founded by presidential decree on August 30, 1996, CNSDU is a government body that, according to Article 107 of the Constitution of Ukraine, coordinates and controls the activities of executive bodies in the sphere of national security and defense. The Ukrainian president serves as the chairman of the Council and determines its composition. The jurisdiction and functions of the Council are defined in the law On the Council of National Security and Defense of Ukraine. The decisions of the Council are brought into effect by presidential decree. The secretary of the Council, who is responsible for ensuring the effective functioning of the Council and implementing its decisions, is accountable to and is appointed and dismissed by the president. Moreover, the president determines the organizational structure of the Council, which is currently divided into analytical directorates, such as the Directorate of Energy Security and Nuclear Policy and the Directorate of Defense Aspects of National Security.][3]*

The new appointments, discussed in the course of a working meeting between President Kuchma and CNSDU secretary Volodymyr Radchenko, are summarized in the table below.[2]

	New position	Former position
General Yuriy Prokofyev	CNSDU Deputy Secretary and CMTCEC Chairman	Main Intelligence Directorate of the Ministry of Defense
General Lieutenant Petro Shatkovskiy	CNSDU Deputy Secretary	Security Service of Ukraine (SBU) First Deputy Chairman
Sergey Chernykh	CNSDU Deputy Secretary	Security Service of Ukraine (SBU) Deputy Chairman

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

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

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

Sources: [1] "Zamestitelnyami sekretarya SNBOU stali byvshyie zamy glavy SBU" [The former deputy heads of SBU became the deputy secretaries of the CNSDU], Ukrainian news network Korrespondent.net, September 26, 2003, <<http://www.korrespondent.net/main/79799/>>. [2] "Kuchma provel ryad kadrovyykh izmeneniy v SNBOU" [Kuchma made a series of personnel changes in the CNSDU], Internet newspaper of the independent analytical group Expert-center, September 26, 2003, <<http://www.expert.org.ua/?st=2&id=7156>>. [3] "Council of National Security and Defense of Ukraine," President of Ukraine website, <<http://www.president.gov.ua/eng/stateauthority/authofstate/prezidlist/defenserada/>>. [4] "Yu. Prokofyev naznachyn glavoy Upravleniya oboronnykh aspektov natsionalnoy bezopasnosti apparata SNBOU" [Yu. Prokofyev appointed head of the directorate of defense aspects of national security at the CNSDU], Ukrainian portal of business information LIGA Biznesinform, August 1, 2003, <<http://www.liga.net/news/show/?id=78887>>. [5] Sergey Zgurets, "Strelyayushchiye dengi. V 2003 g. obemy ukrainskogo oruzheynogo biznesa mogut uvelichitsya do \$700 mln." [Money that shoots. In 2003 the volume of the Ukrainian arms business may increase up to \$700 million], *Delovaya nedelya-FT*, No. 38, October 30-November 5, 2003; Ukrainian portal of business information LIGA Biznesinform, <<http://www.liga.net/smi/show.html?id=88706>>. [6] "Smeshko Appointed New SBU Head," *RFE/RL Organized Crime and Terrorism Watch*, Vol. 3, No. 32, September 12, 2003, <<http://www.rferl.org/corruptionwatch/2003/09/32-120903.asp>>. [7] Valentin Badrak, "Svezhiy veter v parusakh ukrainskogo VTS" [Fresh wind hoists the sails of Ukrainian military-technical cooperation], *Voyenno-promyshlenniy kurier* [All-Russia online weekly newspaper *Military-Industrial Courier*], No. 5, October 8-14, 2003, <http://www.vpk-news.ru/article.asp?pr_sign=archive.2003.05.01_03>. [8] See "Ukraine under Pressure for Iraq Deal," *NIS Export Control Observer*, No. 2, February, 2003, p. 5, <<http://cns.miis.edu/nis-excon>> and "Chairman of Ukraine's State Service on Export Control Denies Illegal Sales," *NIS Export Control Observer*, No. 10, October, 2003, p. 13, <<http://cns.miis.edu/nis-excon>>.

International Supplier Regimes

Most Missile Code of Conduct Nations Miss September 30 Reporting Deadline

Global Security Newswire (GSN) reported on October 3, 2003, that only about 20 of the 109 member states of the Hague Code of Conduct (HCOC) met the September 30 deadline for reporting information on their policies on missile nonproliferation.[1] The HCOC, previously known as the International Code of Conduct against Ballistic Missile Proliferation, was formally adopted on November 27, 2002, and is a multilateral agreement that addresses the production, development, testing, and transfer of ballistic missiles. The

voluntary Code does not prohibit members from possessing ballistic missiles. Instead, it commits its members to exercise “maximum possible restraint” in developing and deploying ballistic missile systems and not to support missile programs of countries thought to be developing weapons of mass destruction in violation of international disarmament and nonproliferation treaties.[2]

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

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

Sources: [1] Mike Nartker, “Missile Code of Conduct Nations Miss Reporting Deadline,” *Global Security Newswire*, October 3, 2003, <http://www.nti.org/d_newswire/issues/2003/10/3/9p.html>. [2] For more information on the adoption of the HCOC, see “The Hague Code of Conduct on Missile Proliferation,” *NIS Export Control Observer*, No. 1, January 2003, p. 6, <<http://cns.miis.edu/nis-excon>>. [3] *International Code of Conduct against Ballistic Missile Proliferation*, adopted at the Launching Conference for the International Code of Conduct against Ballistic Missile Proliferation, The Hague, The Netherlands, November 25-26, 2002; available on The Acronym Institute website, <<http://www.acronym.org.uk/docs/0211/doc13.htm>>. [4] “Evaluación de Acciones contra Misiles Balísticos para Armas de Destrucción Masiva” [Evaluating Actions against Ballistic Missiles for Weapons of Mass Destruction], Office of Press and Broadcasting, Chilean Ministry of Foreign Affairs, <<http://www.minrel.cl/prensa/Comunicados2003/08-10-03.htm>>, October 8, 2003.

Nuclear Suppliers Group Holds Consultative Group Meeting

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

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

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

International Export Control and WMD Security Assistance Programs

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

On September 21, 2003, under the auspices of the Tripartite Initiative, a cooperative U.S.-Russia-IAEA program that facilitates the return of Soviet-origin fresh and spent fuel from Soviet-designed research reactors abroad, 14 kg (about 30 pounds) of highly enriched uranium (HEU) were flown from the Pitesti Institute for Nuclear Research, in Romania, to the Russian city of Novosibirsk.[1] The material, originally procured for a Soviet-designed 2 megawatt research reactor at Magurele, was stored at Pitesti when the

reactor ceased operation in December 1997.[2] Eight canisters that contained fresh 80% enriched uranium were loaded onto a Russian IL-76 cargo plane at the Bucharest airport, under the supervision of U.S., IAEA, Russian, and Romanian technical experts, and flown to the Novosibirsk Chemical Concentrate Plant, where the fuel was originally fabricated.[1,2,3] The material will be down-blended into a low-enriched form that renders it unusable for nuclear weapons.[1,3,4] The \$400,000 transfer was funded by the U.S. Department of Energy.[3]

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

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

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

Sources: [1] Susan B. Glasser, "Russia Takes Back Uranium From Romania; U.S. Paid for Move to Avert Threat" *Washington Post*, September 22, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [2] "Weapons-grade Material Curtailed," September 22, 2003, IAEA website: <<http://www.iaea.org/NewsCenter/News/Safeguards-Verification/weapons20030922.html>>. [3] "Russia Sends Highly Enriched Uranium to Siberia," Bellona Foundation, October 10, 2003; Bellona Foundation website, <http://www.bellona.no/en/international/russia/nuke_industry/waste_imports/31457.html>. [4] "Stray Uranium, Corralled" *Washington Post*, September 29, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [5] "NTI Commits \$5 Million to Help Secure Vulnerable Nuclear Weapons Material," Press release, August 23, 2002, NTI website, <http://www.nti.org/c_press/release_082302.pdf>. [6] Joint Statement of U.S. Secretary of Energy Spencer Abraham and the Minister of Russian Federation for Atomic Energy on Cooperation to Transfer Russian-origin High-Enriched Uranium Research Reactor Fuel to the Russian Federation, November 7, 2003; official website of the U.S. Department of Energy, <http://www.energy.gov/engine/oe/files/dynamic/710200312107_JointStatement.pdf>. [7] Remarks by Secretary of Energy Spencer Abraham, U.S. Department of Energy website, <http://www.energy.gov/engine/content.do?PUBLIC_ID=14428&BT_CODE=PR_SPEECHES&TT_CODE=PRESSRELEASE>. [8] "Uzbekistan to send nuclear waste from research reactor to Russia," Interfax, September 5, 2003, <<http://www.interfax.com/com?item=Uzb&pg=10&id=5668689&req;=>>>; Ivan Lebedev, "Russia, US to remove spent n-fuel from former Soviet reactors," ITAR-TASS News Agency, November 3, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>.

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

On September 24, 2003, the U.S. Coast Guard announced that it had dispatched an instructor to Azerbaijan as part of the Export Control and Related Border Security (EXBS) program, funded by the U.S. State Department.[1,2] The instructor, who will stay at the Maritime Brigade Base, in Baku, will provide on-the-job training for the Azerbaijani Border Guard Maritime Brigade in small boat and shipboard engineering and preventive maintenance. The instructor will also assist in developing engineering shop and training programs related to maritime engineering.[3] This training program is scheduled to last for 90 days; however, if the Azerbaijani trainees show quick progress in acquiring the necessary skills, the program could be completed within 60 days.[2]

In a related development, on September 22, 2003, U.S. Ambassador to Azerbaijan Reno L. Harnish told the Trend news agency in Baku that in fiscal year 2003, the U.S. government allocated \$12.5 million for reinforcing Azerbaijani state borders. These funds were divided between Azerbaijani law enforcement agencies and the coast guard.[4]

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

Sources: [1] For more information on the EXBS program see: "United States Export Control Initiatives," *NIS Export Control Observer*, No. 7, July 2003, pp. 6-8, <<http://cns.miis.edu/nis-excon>>. [2] "Beregovaya gvardiya SShA napravila v Azerbayzhan svoyego instruktora, kotoryy v techeniye trekh mesyatshev budet obuchat azerbayzhanskikh matrosov" [U.S. Coast Guard dispatched an instructor to Azerbaijan, who will train Azerbaijani sailors for three months], Centran information agency, September 24, 2003, <http://www.centran.ru/cgi-bin/index.pl?text_id=10498&all=yes>. [3] "Volunteer Solicitation for TDY to Azerbaijan: One MKC/1" (job description of the U.S. Coast Guard instructor in Azerbaijan), May 28, 2003; U.S. Coast Guard website, <http://www.uscg.mil/hq/reserve/msg03/mlclant2805_03a.htm>. [4] "Envoy Says US Allocates 12.5 Million Dollars for Reinforcing Azerbaijani Borders," Trend news agency (Baku), September 22, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [5] Parviz Gafaroglu, "V Baku otkrylsya Regionalnyy uchebnyy tsentr Vsemirnoy tamozhennoy organizatsii" [Regional education center of the World Customs Organization opened in Baku], State Customs Committee of Azerbaijan website, October 17, 2003, <<http://www.az-customs.net/news/rus/arc/ob17-10-2003.htm>>. [6] F. Mamedova, "M. Dane: Vsemirnaya tamozhennaya organizatsiya zainteresovana v uglublenii svyazey s GTK Azerbayzhana" [M. Danet: the World Customs Organization is interested in deepening ties with Azerbaijan's SCC], Trend news agency (Baku), October 1, 2003; in Integrum Techno, <<http://www.integrum.com>>. [7] "V Baku otkrylsya regionalnyy trening-tsentri Vsemirnoy tamozhennoy organizatsii" [Regional training center of the World Customs Organization opened in Baku], Media-Press information agency (Azerbaijan), October 1, 2003; in Integrum Techno, <<http://www.integrum.com>>. [8] "V Baku na uchebu mogut priyekhat i armyane," [Armenians, too can come to study in Baku], *Birlik dunyasy* (Azerbaijan), September 30, 2003; in Integrum Techno, <<http://www.integrum.com>>.

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

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

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

Radiation Monitoring Equipment Installed in Arkhangelsk Seaport with U.S. Assistance

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

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

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

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

Sources: [1] “Arkhangelskaya tamozhnya budet proveryat gruzy na radiatsyu” [Arkhangelsk customs will check cargo for radioactivity], Regnum News Agency, October 10, 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] “Amerikantsy zashchitili ot radiatsii za \$1 million” [Americans defended themselves from radiation for \$1 million], *Nezavisimoye obozreniye* (Arkhangelsk), October 9, 2003; in Integrum Techno, <<http://www.integrum.com>>. [3] For more information on the SLD, see: “United States Export Control Initiatives,” *NIS Export Control Observer*, No. 7, July, 2003, pp. 6-8, <<http://cns.miis.edu/nis-excon>>. [4] “Arkhangelsk. Vo vsekh portakh ustanovyat pribory dlya kontrolya nad radiatsionnoy bezopasnostyu” [Arkhangelsk. Devices for radiation safety control will be installed in all ports], Regions.ru, October 9, 2003; in Integrum Techno, <<http://www.integrum.com>>. [5] “Special Equipment for the Arkhangelsk Sea Port,” Press Service of the Arkhangelsk Sea Commercial Port, October 21, 2003; Transport Association of Arkhangelsk Region website, <<http://www.arhport.ru/eng/news.htm>>. [6] E. Vadimov, “Radiatsiya? Ostavte ego u sebya” [Radiation? Please leave it at home], *Moryak Severa*, October 15, 2003; in Integrum Techno, <<http://www.integrum.com>>. [7] Press Service of the Arkhangelsk Sea Commercial Port, October 21, 2003; Transport Association of Arkhangelsk Region website, <<http://www.arhport.ru/eng/news.htm>>.

OSCE and UN Train Uzbek Customs Officers and Border Guards

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

In early October 2003, a two-month training program organized jointly by the State Customs Committee and State Border Protection Committee of Uzbekistan under the auspices of the OSCE office in Uzbekistan began at Hayraton-Termez customs checkpoint on the Uzbek-Afghan border (Surkhandarya Oblast). The program aims to train Uzbek customs officers and border guards in combating the trans-border smuggling of light firearms. According to representatives of the OSCE office in Uzbekistan, Afghan customs officers will also join the training program.[1,2] Under this program a training seminar was organized on October 20-31, 2003, by OSCE experts from the United Kingdom, Finland, and Austria in which 13 Uzbek customs officers and 12 border guards participated. The seminar covered such issues as OSCE activities in combating light firearms smuggling; strengthening the potential of border checkpoints; body language, interrogation techniques and related paperwork; identification of fake travel and consignment documents,

and operation of document control equipment; truck and container inspections; detection of concealed weapons; and interagency cooperation between border guards, customs, and the police.

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

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

Sources: [1] *Nalogovyye i Tamozhennyye Vesti* (Uzbekistan), October 4, 2003; in "Uzbek, Afghan Customs Officers Attend Arms Smuggling Seminar on Border," FBIS Document CEP20031004000145. [2] CNS communication with Tashmukhammad Satiboldiyev, research associate at the Institute of Strategic and Interregional Studies under the President of the Republic of Uzbekistan, November 20, 2003. [3] "V Termeze startuyet uchebnaya programma OON dlya pogrannichnikov" [UN training program for border guards will start in Termez], Uza information agency (Uzbekistan), October 3, 2003, Uza website, <<http://www.uza.uz/society/2002/10/6.shtml>>.

Illicit Trafficking in the NIS

Plutonium Con Artists Sentenced in Russian Closed City of Sarov

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

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

The three men agreed that Markin would pay a total of \$750,000 for a container with several kilograms of plutonium, with a down payment of \$50,000 that would be used to bribe facility security and organize the transportation of the plutonium out of Sarov. Press reports differ on both when the initial contact between Markin and the con artists took place and when he gave them the money. One source refers to early 2003 as the time of their initial meeting,[7] while another source reports that Markin gave the men money on several occasions starting from the summer of 2002.[11] However, according to the Nizniy Novgorod newspaper *Prospekt*, Denisenko and Blinov met Markin as early as 1998, and there were three meetings on March 20, July 15, and October 27, 2002, during which Markin gave the two \$30,000, \$10,000, and \$10,000, respectively.[9] After receiving the down payment, Denisenko and Blinov disappeared.[1,2,3,5,9,10]

In the spring of 2003, Markin, who realized he had been deceived, went to the Nizhniy Novgorod branch of the Federal Security Service (FSB).[5,9,11] It is not clear whether Markin reached a deal with the FSB in exchange for information on the conmen. However, according to Aleksandr Borodin, chief of the Sarov FSB directorate, Markin was ready to incur criminal liability under Article 220 of Russia's Criminal Code "Illegal Handling of Radioactive Materials" as long as he could recover the money he had spent.[6,8,9,11,12] By that time, the FSB already had information about some individuals attempting to sell a consignment of weapons-grade plutonium allegedly stolen from a secure storage site in Sarov.[1,2,6,10,11,13]

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

In July 2003, Markin died in a hospital after a car accident. Investigators declared that his death was not related to the case.[5,6,8,9,11]

Sources: [1] Zhanna Voronova, "V Nizhegorodskoy oblasti osuzhdeny moshenniki, pytavshiesya prodat partiyu oruzheynogo plutoniya" [Fraudsters, who attempted to sell a consignment of weapons-grade plutonium, have been convicted in Nizhniy Novgorod Oblast], RIA Novosti, October 14, 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] Roza Magasumova, "Sud goroda Sarova vynes prigovor dvum moshennikam, prodavavshim pustoy konteyner pod vidom plutoniya" [Sarov city court sentenced two fraudsters, who tried to sell an empty container allegedly containing plutonium], ITAR-TASS, October 14, 2003; in Integrum Techno, <<http://www.integrum.com>>. [3] Mikhail Bilyagin, "V Sarove naplutovali s plutoniyem" [They cheated with plutonium in Sarov], *Nizhegorodskiy rabochiy* (Nizhniy Novgorod), October 16, 2003, No. 196; in Integrum Techno, <<http://www.integrum.com>>. [4] "V Nizhegorodskoy oblasti osuzhdeny moshenniki, pytavshiesya prodat krupnyuyu partiyu plutoniya" (Fraudsters, who attempted to sell a large consignment of plutonium, have been convicted in Nizhniy Novgorod Oblast), October 14, 2003, Rosbalt news agency; in Integrum Techno, <<http://www.integrum.com>>. [5] L. Kovaleva, "10 oktyabrya ozhidayetsya vyneseniye prigovora prestupnikam, pytavshimsya 'prodat' krupnyuyu partiyu oruzheynogo plutoniya" [On October 10, it is expected that culprits, who attempted to 'sell' a large consignment of weapons-grade plutonium, will be convicted], Privolzhyye news agency, October 9, 2003, <<http://www.nta-nn.ru/?id=32963>>. [6] Natalya Trefilova, "Pluty popalis na plutonii" [Cheaters were caught for plutonium], *Parlamentskaya gazeta*, November 13, 2003, No. 1339 (708); in Integrum Techno, <<http://www.integrum.com>>. [7] Fedor Sokolov, "'Yadernyye' zhuliki" ['Nuclear' cheaters], *Zakon. Finansy. Nalogi*. (Nizhniy Novgorod), October 14, 2003, No. 38 (257); in Integrum Techno, <<http://www.integrum.com>>. [8] Maksim Shkolnik, "Krakh 'yadernykh' moshennikov" [Failure of 'nuclear' fraudsters], *Prospekt* (Nizhniy Novgorod), October 14, 2003, No. 42 (238); in Integrum Techno, <<http://www.integrum.com>>. [9] Aleksey Gamzin, "Pochem plutoniy za kilo?" [How much is plutonium per kilo?], *Prospekt* (Nizhniy Novgorod), October 21, 2003, No. 43 (239); in Integrum Techno, <<http://www.integrum.com>>. [10] Yuliya Skugarevskaya, "Plutoniy navynos" [Carry-out plutonium], *Rossiyskaya gazeta*, October 15, 2003, No. 207 (3321); in Integrum Techno, <<http://www.integrum.com>>. [11] Roman Kryazhev, "Kliyent sozrel i pobezhzal k chekistam" [The client caught on and ran to FSB agents], *Novoye delo* (Nizhniy Novgorod), October 17, 2003, No. 17; in Integrum Techno, <<http://www.integrum.com>>. [12] Tatyana Vitebskaya, "Oruzheinyy plutoniy okazalsya rtutyu" [Weapons-grade plutonium turned out to be mercury], *Izvestiya*, October 11, 2003, No. 187; in Integrum Techno, <<http://www.integrum.com>>. [13] R. Filtsov, "Dvoye zhitely Sarova obvinyayutsya v 'moshennichestve' za popytku prodat oruzheynyy plutoniy, yakoby pokhishchenny iz spetskhranilishcha Yadernogo tsentra" [Two Sarov residents are accused of 'fraud' for attempting to sell weapons-grade plutonium allegedly stolen from the Nuclear Center's special storage site], Privolzhyye news agency, October 8, 2003, <<http://www.nta-nn.ru/?id=32878>>.

Stolen Cesium-137 Recovered in Russia

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

The circumstances of the subsequent discovery of the cesium remain unclear. According to Yuriy Akishin, investigator at the Noyabrsk directorate of internal affairs, an employee of Schlumberger found the

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

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

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

Sources: [1] "V prigorode Noyabrsk obnaruzhen konteyner s tseziem-137, propavshii na Yamale v kontse sentyabrya" [Container with cesium-137, which was stolen from Yamal in late September, was discovered on the outskirts of Noyabrsk], NEWSru.com, November 19, 2003, <<http://www.newsru.com/russia/19Nov2003/konteiner.html>>. [2] "YNAO. Pokhishen konteyner s tseziem" [YNAO. Container with cesium stolen], Political News Agency, September 25, 2003, <<http://www.apn.ru/regions/2003/9/25/39516.htm>>. [3] Viktor Sukhov, "Pokhishenny konteyner s radioaktivnym tseziem do sikh por ne nayden" [Stolen container with radioactive cesium still not found], Tyumen-online, October 6, 2003, <<http://www.ty.ru/index.shtml?q=%E1%D7%D4%CF&ch=http:%2F%2Fwww.rzs.ru%2F>>. [4] "V Noyabrsk pokhishen konteyner s tseziem" [Container with cesium stolen in Noyabrsk], Rosbalt News Agency, September 25, 2003, <<http://www.rosbalt.ru/print/120640.html>>. [5] "V Noyabrsk predlagayut 150 tsyach rubley za informatsiyu o propavshey kolbe s tseziem" [A 150,000 ruble reward is offered in Noyabrsk for information about missing vessel with cesium], UralPolitRu, October 10, 2003, <<http://www.uralpolit.ru/print.php?from=news&id=7077>>. [6] "Radioaktivny tseziy ischez bez sleda?" [Did radioactive cesium disappear without a trace?], *Yamskaya sloboda* (Tyumen), October 8, 2003; in Integrum Techno database, <<http://www.integrum.com>>. [7] "Firma 'Shlyumberge' nashla ukradenniy v Noyabrsk tseziy" (Schlumberger firm found cesium, which was stolen in Noyabrsk), UralPolitRu, November 19, 2003, <http://www.uralpolit.ru/news/?article_id=7971>. [8] "V Noyabrsk (Yamalo-Nenetskiy AO) nayden konteyner s tseziem-137" (Container with cesium-137 was found in Noyabrsk (Yamalo-Nenets Autonomous District)), Information Agency REGNUM, November 19, 2003, <<http://www.regnum.ru/expnews/182047.html>>. [9] Schlumberger official web site: <<http://www.slb.com>>.

Summaries from the NIS Press

Shanghai Cooperation Organization: Latest Developments

On September 23, 2003, a meeting of the council of heads of governments of Shanghai Cooperation Organization (SCO) member states was held in Beijing, China. The prime ministers of Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, as well as the Premier of the State Council of China attended the meeting. During the meeting, the heads of government approved the SCO budget for 2004, its first budget ever, as well as the *Statute on Financial Support, Guarantees and Compensation for the Staff of SCO Permanent Bodies*. According to the meeting communiqué, the SCO Secretariat and the Regional Antiterrorism Structure will start operations no later than January 1, 2004. The communiqué also states that the participants have agreed to hold the next SCO heads of government meeting in Bishkek, Kyrgyzstan, in 2004.[1]

A few weeks earlier, on September 5, 2003, the Council of Foreign Ministers of SCO member states held an extraordinary session in Tashkent, Uzbekistan. The participants considered the progress that the organization had made since the summit of the SCO heads of state in Moscow on May 29, 2003.[2] In particular, the meeting focused on two main areas: the organizational details of starting up the SCO Secretariat, in Beijing, and the Regional Anti-Terrorism Structure, in Tashkent, and the contribution of the SCO to the resolution of international problems, such as international terrorism and drug-trafficking. At the end of the September meeting, the participants signed a joint communiqué describing the progress made to date and identifying ways of participating more fully and effectively in the work of existing multilateral structures and institutions.[3]

According to Kazakhstani Minister of Foreign Affairs Kasymzhomart Tokayev, preparatory work for the launching of the SCO Secretariat and the Regional Anti-Terrorism Structure is nearly finished.[4] A building that will house the SCO Secretariat has been identified in Beijing, China. The headquarters of the regional antiterrorism group will be located in Tashkent, instead of the previously agreed-upon location in Bishkek. According to Asanbek Osmonaliyev, deputy foreign minister and the national coordinator from Kyrgyzstan at the SCO, the change of location was largely dictated by the fact that Kyrgyzstan already hosts a number of anti-terrorist structures. Among them are the headquarters of the CIS Anti-Terrorism Center and the headquarters of the Collective Rapid Deployment Force, both formed under the auspices of the CIS Collective Security Treaty Organization.[5,6]

Speaking at the meeting of the SCO foreign ministers, Kazakhstani Minister of Foreign Affairs Tokayev stressed that SCO activities should not be confined to the organization's current geographic borders.[4] Tokayev's view was echoed by his Russian counterpart, Igor Ivanov, at a joint press conference of SCO ministers of foreign affairs, who stressed that "our organization has an 'open character,' we are interested and ready for cooperation with other international, regional, and sub-regional structures, as well as with independent states." [7] Meeting participants agreed that the threats of international terrorism and drug trafficking, among others, are formidable challenges to all states, and that the SCO has an important role to play in countering these threats.[8] The ministers confirmed the need for the urgent creation of a UN-based Global System of Counteraction against Present-Day Threats and Challenges, with the SCO being an integral part of this system.[3] While meeting participants affirmed their support for the United Nations and its unique capacity to address global issues, they noted that the organization had to adapt to changing international realities.[9]

In a related development, on August 6-12, 2003, the SCO conducted a two-phase military exercise, in which 1,000 troops from China, Kazakhstan, Kyrgyzstan, and Russia, took part. Tajikistani officials observed the exercise, while Uzbekistan did not participate.[10] The first stage of the exercise was held in Kazakhstan and involved Russian, Kyrgyzstani, and Kazakhstani operatives simulating the interception of aircrafts violating national airspace and protection against terrorist incursions. The second stage of the drill was held in China and featured Chinese forces practicing hostage rescue and the destruction of terrorist bases.[10,11] Fighting terrorism and extremism is one of the founding principles of the SCO, as was enunciated in the 2002 *Shanghai Convention on Combating Terrorism, Separatism and Extremism*.

Sources: [1] For background information on the history, structure and activities of the SCO, see "Interstate Cooperation in the NIS," *NIS Export Control Observer*, No. 9, September 2003, pp.18-22, <<http://cns.miis.edu/nis-excon>>. Full text of the joint communiqué of the September 23, 2003 meeting of SCO prime ministers/heads of governments can be found at <<http://ru.ruschina.net/news/politik/hjbgj/comshos/>>. [2] Full text of the Declaration, issued by the SCO heads of state at the conclusion of their Moscow summit on May 29, 2003, can be found on the website of the Information and Press Department of the Russian Ministry of Foreign Affairs: <http://www.ln.mid.ru/va_sob.nsf/b9b3d7fa81fbad3a43256c940037088c/43256be30031180b43256d3500450554?OpenDocument>. [3] Full text of the Joint Communiqué, issued by the Council of Foreign Ministers of Member States of the Shanghai Cooperation Organization at the conclusion of their meeting in Tashkent on September 5, 2003, can be found on the web site of the Information and Press Department of the Russian Ministry of Foreign Affairs: <<http://www.ln.mid.ru/ns-rasia.nsf/3a0108443c964002432569e7004199c0/432569d80021985f43256d9b002988a9?OpenDocument>>. [4] "Podpisano Sovmestnoye Kommunike" [Joint communiqué signed], *Kazakhstanskaya pravda*, September 6, 2003; in Integrum Techno, <<http://www.integrum.com>>. [5] "Otschet poshel" [The countdown has begun], *Vecherniy Bishkek*, September 9, 2003; in Integrum Techno, <<http://www.integrum.com>>. [6] For background information on the CIS Anti-terrorism Center and the CIS Collective Security Treaty Organization, see "Interstate Cooperation in the NIS," *NIS Export Control Observer*, No. 9, September 2003, pp.18-22, <<http://cns.miis.edu/nis-excon>>. [7] Stenogramma vystupleniya Ministra inostrannikh del Rossii I.S. Ivanova na sovmestnoy press-konferentsii ministrov inostrannikh del stran-uchastnikov Shankhaiskoy organizatsii sotrudnichestva po itogam zasedaniya SMID ShOS v Tashkente [Verbatim transcript of presentation made by Russian Minister of Foreign Affairs I.S. Ivanov at the joint press conference of ministers of foreign affairs of member states of the Shanghai Cooperation Organization (SCO) at the conclusion of the meeting of the SCO Council of Ministers of Foreign Affairs in Tashkent, September 5, 2003], Russian Ministry of Foreign Affairs, Information and Press Department, Information Bulletin, September 8, 2003, <<http://www.ln.mid.ru/ns-rasia.nsf/3a0108443c964002432569e7004199c0/432569d80021985f43256d9b002988a9?OpenDocument>>. [8] For background information on the SCO approach to international threats, see "Interstate Cooperation in the NIS," *NIS Export Control Observer*, No. 9, September 2003, pp.18-22, <<http://cns.miis.edu/nis-excon>>, and "Shanghai Cooperation Organization (SCO) to Endorse Anti-Drug Trafficking Agreement," *NIS Export Control Observer*, No. 7, July 2003, pp.13-14, <<http://cns.miis.edu/nis-excon>>. [9] Roman Streshnev, "Ot stanovleniya k aktivnoy rabote" [From founding to active work], *Krasnaya zvezda*, September 10, 2003; in Integrum Techno, <<http://www.integrum.com>>. [10] Ray Cheung, "Military Exercise Focuses on Terrorism; Central Asian Alliance's Joint Drills, Staged in Kazakhstan, Are Seen as a Step to Cementing the Six-Nation Grouping" *South China Morning Post*, August 7, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [11] Joseph Kahn, "China: Antiterror Exercises," *New York Times*, August 8, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>.

International Developments

Update on Seizure of Allegedly Radioactive Substance in Poland

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

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

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

Sources: [1] “Theft and Trafficking of Radioactive Materials in the United Kingdom, India, and Poland,” *NIS Export Control Observer*, No. 10, October 2003, pp. 15-17, <<http://cns.miis.edu/nis-excon>>. [2] *NIS Export Control Observer* e-mail correspondence with Genowefa Smagala, Central Laboratory for Radiological Protection, November 13, 2003.

APEC Members Agree to Fight Terrorism, WMD Proliferation

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

1. Adopt strict domestic export controls on man-portable air defense systems (MANPADs); secure stockpiles of MANPADs; regulate production, transfer, and brokering of MANPADs; ban transfers of MANPADs to non-state end-users; exchange information on MANPAD-related activities.
2. Increase and better coordinate APEC counterterrorism activities; collaborate with the G-8’s Counterterrorism Action Group, the UN Security Council Counterterrorism Committee, and other relevant international and regional organizations.
3. Implement the APEC Action Plan on Severe Acute Respiratory Syndrome (SARS) and the APEC Health Security Initiative to respond to naturally occurring infectious diseases and bioterrorism.[1] *[Editor’s Note: The APEC Health Security Initiative calls for a high level of physical security, accountability, and safety with respect to the storage, use, and transfer of dangerous biological pathogens. In addition, APEC member economies agree to introduce new or strengthen existing laws, regulations, and enforcement mechanisms that require strict export controls on dual-use biological materials and equipment. APEC will work closely with the World Health Organization, the APEC Emerging Infections Network, and the Regional Emerging Disease Intervention Center (a center established in Singapore by the governments of Singapore and the United States to serve*

- as a regional resource for training and research). The newly formed ad hoc APEC Health Task Force will coordinate health-related issues within APEC.][2,3,4]*
4. Establish a regional trade and financial security initiative within the Asian Development Bank to support port security and to combat terrorist financing.
 5. Support implementation of Advance Passenger Information (API) systems and explore efforts to develop a regional movement alert system to protect air travelers.[1] *[Editor's Note: An API system is an automated system capable of performing database queries on passengers and crewmembers prior to their arrival in or departure from a country. APEC members agreed to develop API systems at the APEC Leaders' Meeting in October 2002 as part of the Secure Trade in the APEC Region initiative. Six APEC members (Australia, Canada, Japan, New Zealand, Thailand, and the United States) have implemented or are committed to implementing API systems. Others are examining the feasibility of implementing API systems. Australia and the United States are working together on policies and technical issues related to developing the Regional Movement Alert System, a complement to the API system that would make it possible to check travelers against pooled records of people of concern (including terrorists and criminals) and lists of lost, stolen, and fraudulent travel documentation.][5,6]*
 6. Accelerate the implementation of the Energy Security Initiative.[1] *[Editor's Note: The APEC Energy Security Initiative seeks to ensure energy security in the region through real-time emergency information sharing, adoption of energy emergency response plans, oil data collection, and cooperation on measures intended to deal with the possibility of sea lane disruption.][6]*

Since September 11, 2001, APEC has become increasingly involved in counterterrorism and international security issues. A month after the 2001 terrorist attacks on the United States, APEC leaders issued a statement on counterterrorism in which they pledged to take measures to prevent the flow of funds to terrorists and agreed to cooperate on projects to enhance airport, aircraft, and port security, as well as electronic customs networks in the region.[7] At the annual APEC leaders' meeting, which took place two weeks after the October 2002 terrorist bombings in Bali, Indonesia, participants pledged to work together to secure the flow of goods and people by protecting cargo, ships, aviation, and people in transit.[8] The October 2003 *Bangkok Declaration on Partnership for the Future* is APEC's strongest, most specific statement to date of the new role APEC will play in fighting terrorism and WMD proliferation. Recognizing the vital relationship between economic success and security, the APEC leaders stated in their *Declaration* that: "We agreed to dedicate the organization not only to advancing the prosperity of our economies, but also to the complementary mission of ensuring the security of our people." [1,9]

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

Sources: [1] *Bangkok Declaration on Partnership for the Future*, October 21, 2003, APEC website, <http://www.apecsec.org.sg/apec/leaders__declarations/2003.html#>. [2] "APEC Initiative to Strengthen Health Security," Fifteenth APEC Ministerial Meeting, Bangkok, Thailand, October 17-18, 2003, APEC website, <http://www.apecsec.org.sg/apec/news__media/media_releases/211003_strsecagnstbioterrorattackdisease.downloadlinks.0001.LinkURL.Download.ver5.1.9>. [3] "Strengthening Security against Bio-Terrorist Attack and Disease Outbreaks," APEC Media Release, October 21, 2003, APEC website, <http://www.apecsec.org.sg/apec/news__media/media_releases/211003_strsecagnstbioterrorattackdisease.html>. [4] "APEC Leaders' Statement on Health Security," 2003 Leaders' Declaration, APEC website, <http://www.apecsec.org.sg/apec/leaders__declarations/2003/2003_StmHealthSecurity.html#>. [5] "APIS Factsheet," U.S. Customs and Border Protection website, <http://www.cbp.gov/xp/cgov/travel/inspections_carrier_facilities/apis/apis_factsheet.xml>. [6] "Australian APEC Counter-Terrorism Initiatives," Prime Minister of Australia Media Release, October 23, 2003, Prime Minister of Australia website, <http://www.pm.gov.au/news/media_releases/media_Release543.html>. [7] "APEC Leaders' Statement on Counter-Terrorism," 2001 Leaders' Declaration, October 21, 2001, Shanghai, China, APEC website, <http://www.apecsec.org.sg/apec/leaders__declarations/2001/statement_on_counter-terrorism.html#>. [8] "APEC Leaders' Statement on Fighting Terrorism and Promoting Growth," 2002 Leaders' Declaration, October 26, 2002, Los Cabos, Mexico, APEC website, <http://www.apecsec.org.sg/apec/leaders__declarations/2002/statement_on_fighting.html#>. [9] "Counter Terrorism," APEC website, <http://www.apecsec.org.sg/content/apec/apec_groups/som_special_task_groups/counter_terrorism.html>. [10] "About APEC," APEC website, <http://www.apecsec.org.sg/apec/about_apec.html#>.

Syria Seen As Member of the “Axis of Evil”

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

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

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

Sources: [1] Michael Evans, “U.S. Extends Axis of Evil to Syria, Libya and Cuba,” *The Times* (London), October 10, 2003.[2] Under Secretary for Arms Control and International Security John R. Bolton, “Syria’s Weapons of Mass Destruction and Missile Development Programs,” Testimony before the House International Relations Committee, Subcommittee on the Middle East and Central Asia, Washington, D.C., September 16, 2003, U.S. Department of State website, <<http://www.state.gov/t/us/rm/24135.htm>>. [3] “U.S. House of Representatives Approves Syria Sanctions Bill,” *Global Security Newswire*, October 16, 2003, Nuclear Threat Initiative website, <http://nti.org/d_newswire/issues/2003_10_16.html#876902FA>.

German Businessman on Trial for Selling Aluminum Tubes to North Korea

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

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

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

Sources: [1] “German on trial in N. Korean nuclear plot,” *SpaceWar News Portal*, October 15, 2003, <<http://www.spacewar.com/2003/031015155042.1npqf10h.html>>. [2] “Trial of nuke tube businessman begins,” *Deutsche Welle*, October 16, 2003, <http://www.dw-world.de/english/0,3367,1432_A_998405_1_A,00.html>. [3] “German businessman says he is scapegoat in nuclear export inquiry,” *Deutsche Presse-Agentur*, April 28, 2003; in *Lexis-Nexis Academic Universe*, <<http://www.lexis-nexis.com>>. [4] “DPRK Sought Enough Aluminum Tubing in Germany for 4,000 Centrifuges,” *Nuclear Fuel*, May

Export Control in Focus

Internal Compliance Programs Gain Momentum

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

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

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

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

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

In the less developed economies, including some in the former Soviet Union, export control assistance from more advanced states is seeking to redress the general lack of industry awareness. The U.S. Department of Commerce, under the State Department's Export Control and Related Border Security program, has been assisting many states in Eurasia and beyond to develop not only the requisite legal and enforcement capabilities for effective export controls, but also the ability of industry to police its own export activities.[8] There is little information on the extent of national ICP outreach activities in India, Pakistan, and China, but by most accounts, relevant industries in these key supplier countries remain, in the main, unaddressed.[9]

Until quite recently, industry awareness and ICP capacity building had been targeted at the traditional production-based companies. With the increasing nonproliferation emphasis on transshipment zones, freight forwarders and customs brokers are now expected to follow the ICP development trend. Otherwise, they risk serious penalties for export control violations. Recently, for example, a New Jersey freight forwarder was hit with nearly \$650,000 in criminal and civil fines for exporting goods to India. According to BIS Deputy Assistant Secretary for Export Enforcement Lisa Prager, "Forwarders play a key role in the global supply chain. As such, it is important that they be attentive to their export control obligations." [10]

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

Sources and Notes: [1] In a 2001 survey of 120 U.S. companies conducted by the Center for International Trade & Security, the compliance activities of U.S. exporters varies considerably, with scores ranging from 54 to 94 on a 50-100 scale (producing an overall average of 76). While many U.S. exporters have well-developed export control compliance programs, it appears that others do far less than what is prescribed in generally accepted "best practices." See Richard T. Cupitt, "Survey on US Industry Compliance and Export Controls: Findings," University of Georgia's Center for International Trade and Security website, <http://www.uga.edu/cits/news/news_us_indi_full.htm>. [2] See, for example, Center for Information on Security Trade Control (CISTEC), *Export Control System in Japan*, Tokyo: CISTEC, February 2001; or Danish Agency for Trade and Industry, *On the Way to a New Export Control System*, Copenhagen: Ministry of Trade and Industry, September 2000, also available in Danish at <www.efs.dk>. [3] The Export Management System Guidelines may be found on the U.S. Department of Commerce Bureau of Industry and Science website, <<http://www.bxa.doc.gov/exportmanagementsystems/emsguidelines.html>>. [4] For more on the Directorate of Defense Trade Controls (DDTC) compliance program, see the DDTC website, <<http://pmdtc.org/compliance.htm>>. [5] *Export Control Compliance Code of Practice*, U.K. Department of Trade and Industry website, <<http://www.dti.gov.uk/export.control/pdfs/codeofpractice.pdf>>. [6] "Russian Government Continues Accreditation of Companies with Internal Compliance Programs," *NIS Export Control Observer*, No. 1, January 2003, p. 3, <<http://cns.mii.edu/pubs/nis-excon>>. [7] Information on CISTEC activities are found in English and Japanese on the CISTEC website, <http://www.cistec.or.jp/open/cistec/cistec/e_jigyounai/cistecEnglish.html>. [8] U.S. export control assistance in general, ICP assistance in particular, predates the Export Control and Border Security (EXBS) program. For more information on U.S. Department of Commerce ICP activities, see the U.S. Department of Commerce Bureau of Industry and Security website, <<http://www.bxa.doc.gov/NECTIC/ticcourses/icp2.htm>>. For EXBS information, see <<http://www.state.gov/t/np/export/ecc/20779.htm>>. [9] For India and Pakistan, see Seema Galhaut and Anupam Srivastava, "Curbing Proliferation from Emerging Suppliers: Export Controls in India and Pakistan," *Arms Control Today*, September 2003, <<http://www.armscontrol.org>>. For information on China, see Richard Cupitt, "Nonproliferation Export Controls in China," in Beck, et al. *To Supply or To Deny: Nonproliferation Export Control in Five Key Supplier Countries* (New York: Kluwer International, 2003). [10] "Freight Forwarder Pays \$650,000 in Fines for Exports to India," *The Export Practitioner*, August 2003, pp. 10-11. BIS offers assistance to the freight and customs brokering industries in the form of the Transshipment Country Export Control Initiative. see U.S. Department of Commerce Bureau of Industry and Security website, <<http://www.bxa.doc.gov/ComplianceAndEnforcement/ExecutiveSummary.html>>. [11] See the International Import-Export Institute (IIEI) website, <<http://www.usexportcompliance.com/index.html>>. The certification is, as is explained in IIEI literature, a guarantee for the company that their compliance personnel are thoroughly trained. Again, there is no link with or official recognition by the U.S. government of this certification program.

Workshops and Conferences

Turkmenistan Hosts Conference on Borders, Transit, and Trade

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

The meeting focused on urgent issues related to border security and compliance with customs procedures in Central Asia, and addressed such issues as the problem of trans-border transit and the potential conflicts

between border security and interstate cooperation, and the use of the region's water and energy resources. The participants also identified regional cooperation in international trade as one of the prerequisites for economic development in Central Asian.

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

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

Annual Update on U.S. Export Controls

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

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

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

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

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

Juster also reported on developments with respect to improvement of transshipment procedures that took place since the October 2002 Annual Update, when he presented the new Transshipment Country Export Control Initiative (TECI). Under TECI, BIS has worked with relevant government and private sector officials at key transshipment hubs to tighten security and enhance export control systems without hindering the rapid flow of legitimate trade.[2] BIS initially focused on those transshipment hubs that serve as major distribution points in the global economy and are located near countries that pose proliferation or security concerns.

Juster also mentioned developments with respect to bilateral relation with various countries that took place since the Update 2002 conference. To facilitate strategic trade and enhance controls to prevent the proliferation of sensitive goods and technologies, in November 2002, the U.S.-India high technology cooperation group was established and has held several meetings since then. BIS also works with China to improve bilateral relations and facilitate trade, while committing to export control norms. In addition, BIS has undertaken a review of the country tiers or groupings used in U.S. export control regulations that rank countries according to the proliferation and/or national security threat they are considered to pose, a ranking that affects licensing policy and license exceptions.[1] Three days after the Update 2002 conference, the Department of Commerce proposed easing national security export controls on technology to develop and build powerful computers and microprocessors, which will benefit Tier 3 countries (Algeria, China, India, Israel, Pakistan, Russia, and Saudi Arabia) and Tier 1 countries (Argentina, Botswana, Congo, France, Iceland, Japan, Peru, South Korea, United Kingdom, Zimbabwe).[3]

Sources: [1] Keynote Address of Kenneth I. Juster, Under Secretary of Commerce for Industry and Security at the Update 2003 Export Controls and Policy Conference, October 20, 2003, Washington, D.C., BIS website, <<http://www.bxa.doc.gov/News/2003/Update2003Keynote.htm>>. [2] For more information on TECI see, "United States Export Control Initiatives," *NIS Export Control Observer*, No.7, July, 2003, pp.6-8, <<http://cns.miis.edu/nis-excon>>. [3] David Ruppe, "U.S. Looks to Loosen Export Restrictions on Computer Development and Production Technology," *Global Security Newswire*, October 24, 2003, <http://nti.org/d_newswire/issues/2003_10_24.html#5ED6FD92>.

Special Report

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

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

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

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

Customs Committee board discussed suggestions on the complete removal of customs control on the common border and the unification of the customs legislation of the two countries.[2]

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

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

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

Sources: [1] “27 avgusta na baze Orshanskogo Inokombinata Vitebskoy oblasti s uchastiyem Prezidenta Respubliki Belarus Aleksandra Lukashenko proshlo ocherednoye vyyezdnoye soveshchaniye po voprosam razvitiya sel'skokhozyaystvennoy otrasli” [On August 27, a regular meeting on agricultural development issues attended by President Aleksandr Lukashenko was held at the Orsha cotton factory in Vitebsk Oblast], Press-service of the President of Belarus, August 25-31, 2003, <<http://www.president.gov.by/rus/president/news/archive/avgust2003/25-31/>>. [2] A. Alesin, “Tamozhnya dayet dobro” [Customs gives approval], *Belorusskiy rynek*, July 21-28, 2003, No. 28 (561). [3] S. Kalinkina, “Tesnyy soyuz, kotoryy dal trechshinu” [Close union which showed a fracture], *Belorusskaya delovaya gazeta*, January 23, 1997; A. Bondarev, “Soyuznoye gosudarstvo stroitsya dlya lyudey, a ne dlya chinovnogo sosloviya” [The Union State is being built for the people, not for the bureaucracy], interview, *Soyuz. Belarus-Rossiya*, February 8, 2001, No. 4 (10). [4] “Glava belorusskogo GTK zayavlyayet o neobkhodimosti ustanovit na granitse s RF kontrol za tovarami iz tretyikh stran” [Head of the Belarusian State Customs Committee announces the need to establish control over goods from third countries on the border with the Russian Federation], ITAR-TASS, January 24, 2003. [5] S. Pisarevich, “V poiskakh variantov. Yedinoye tamozhennoye prostranstvo Soyuz Belarusi i Rossii nakhoditsya poka v stadii stanovleniya” [In search of options. A single customs space of the Union of Belarus and Russia is still in the formative stage], *Nezavisimaya gazeta*, April 20, 2000; A. Sirotskiy, “Tamozhenny soyuz: plany i realii” [Customs union: plans and realities], *Belorusskiy zhurnal mezhdunarodnogo prava i mezhdunarodnykh otnosheniy*, 2000, No. 1.

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