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Recent Developments in the NIS

Kyrgyz Export Control Commission Discusses Implementing Legislation

On December 18, 2003, the Commission on Military-Technical Cooperation and Export Control (CMTCEC) of the Kyrgyz Republic held a meeting chaired by Prime Minister Nikolay Tanayev, who also serves as CMTCEC chairman.[1] This was the Commission's first meeting since August 14, 2003, when President Askar Akayev signed Edict No. 265 *On Measures for the Further Development of Military-Technical Cooperation of the Kyrgyz Republic with Foreign Countries and the Implementation of a National System of Export Control*, which added "and Export Control" to the name of the Commission on Military-Technical Cooperation, expanded its scope of responsibilities, and added several new members to the commission.[1,2]

Issues discussed at the meeting included the approval of the draft government decree *On Measures Establishing a National System of Export Control in the Kyrgyz Republic* and inclusion of military goods in the country's national control list. Since the inclusion of military goods in the Kyrgyz national control list would necessitate the introduction of corresponding amendments to the law *On Export Control*, the participants also discussed these changes in the course of the meeting. Colonel Oleg Chechel, deputy minister of defense and head of the Permanent Interagency Working Group of Export Control Experts, informed CMTCEC members that, if adopted, the proposed government decree would approve several draft pieces of implementing legislation, including a new CMTCEC statute, and the statutes *On the Implementation of Export Control Procedures in the Kyrgyz Republic* and *On the Licensing Procedure for the Transit of Controlled Commodities through the Territory of the Kyrgyz Republic*. [1] [Editor's Note: The Permanent Interagency Working Group of Export Control Experts was established by Government Directive No. 121 of March 17, 2003 to develop the legal framework for the implementation of the law *On Export Control* adopted in January 2003.] [3]

According to Chechel, the Interagency Working Group should finish drafting the national control list in the first quarter of 2004. This draft list must subsequently be reviewed at the next CMTCEC meeting—probably in April-May 2004, endorsed by the government, and submitted to the Zhogorku Kenesh (Kyrgyz parliament) for final approval. It is expected that the Zhogorku Kenesh will adopt the national control list by the end of June 2004. Along with the law *On Export Control* and relevant implementing legislation, the adoption of the single list of controlled items will facilitate the work of Kyrgyz export control agencies, including customs and border guard services. According to Chechel, at the end of the meeting, the CMTCEC members decided to charge ministries engaged in export control with revising the drafts of proposed implementing legislation and submitting them to the government for review. [1]

Sources: [1] CNS communication with Nikolay Ryaguzov, deputy head of the Directorate of Military-Technical Cooperation of the Ministry of Defense of the Kyrgyz Republic, December 30, 2003. [2] For details of Edict No. 265 and the CMTCEC, see: "Kyrgyzstan Makes Progress in Developing its National Export Control System," *NIS Export Control Observer*, No. 9, September 2003, pp. 2-3, <<http://cns.miis.edu/nis-excon>>. [3] Nikolay Ryaguzov, "Export Control Working Group Formed in Kyrgyzstan," *NIS Export Control Observer*, No. 4, April 2003, pp. 7-8, <<http://cns.miis.edu/nis-excon>>.

New Customs Information Center Created in Kazakhstan

On December 27, 2003, the Kazakhstan Customs Control Agency (CCA) Information Center officially opened in Astana, Kazakhstan. The ceremony was attended by Kazakhstani President Nursultan Nazarbayev. [1,2,3] The construction of the center, which is located in a four-story building, cost about 1.78 billion tenge (\$12.75 million as of December 27, 2003). [1]

The information center is designed to help the CCA monitor cargo transportation and reduce the time spent on freight examination. The center has a control room, which allows real-time electronic monitoring of cargo movement and transit vehicles entering and exiting Kazakhstan. [1,3] CCA employees will collect and process information from customs posts on cargoes and vehicles, including their license plate numbers, weights, and sizes. Customs officers will scan vehicles and transportation documents and place an electronic seal on transit vehicles. When a vehicle leaves the country's territory, customs posts will check whether the seal was tampered with. Components of this system are currently in place at the Korgas customs post on the Kazakhstani-Chinese border, and two more posts are expected to be equipped with this

system in 2004—the Korday post on the Kazakhstani-Kyrgyz border and the Gani Muratbayev post on the Kazakhstani-Uzbekistani border.[2,3]

The center is also equipped with a television studio, affording it a direct link with all customs posts equipped with ground satellite stations. According to CCA head Berdibek Saparbayev, in 2003, the studio broadcast two live CCA board meetings and 10 distance-learning sessions to the customs posts to explain to regional customs officers the provisions of the new customs code.[1] Saparbayev also announced that the CCA is in the process of developing electronic customs software that will be accessed by exporters, importers, freight forwarders, brokers, and customs officers to exchange customs documentation electronically.[1,3]

Sources: [1] “Prezident RK posetil informatsionnyy tsentr Agentstva tamozhennogo kontrolya” [President of Kazakhstan visited information center of the Customs Control Agency], Kazakhstan Today news agency, December 27, 2003, <<http://www.gazeta.kz/art.asp?aid=38530>>. [2] Khabar TV, December 27, 2003; in “Customs Control Agency Information Center Opens in Kazakhstan,” FBIS Document CEP20031227000061. [3] “Prezident otkryl Informatsionnyy tsentr Agentstva tamozhennogo kontrolya” [President opened information center of the Customs Control Agency], December 27, 2003, Government of the Republic of Kazakhstan website, <http://www.government.kz/pls/portal30/PORTAL30.www_media.show?p_id=30581&p_currcornerid=29269&p_settingssetid=1372&p_settingsiteid=33&p_siteid=33&p_type=text&p_textid=30582>.

New Customs Complex Opened in Uzbekistan

On November 9, 2003, a customs complex called Airitom opened in Uzbekistan, on the right bank of the Amudarya river, near the Termez-Khayraton bridge on the Uzbekistani-Afghanistani border.[1,2] The opening ceremony was attended by President of the Asian Development Bank Tadao Chino, Uzbekistani Deputy Prime Minister Rustam Azimov, representatives of Afghanistan led by the country’s Minister of Trade Saidmustafo Kozimi, ambassadors of more than 30 countries, and representatives of international organizations in Uzbekistan.[2,3] The construction of the complex was part of a joint project of the State Customs Committee of Uzbekistan and the UN Office on Drugs and Crime regional representative office in Central Asia. The project, worth more than \$2 million, was financed by Norway, Finland, the United Kingdom, and the United States. The complex is equipped with modern telecommunication equipment, video surveillance systems, and special drug detection, screening, and radiation control equipment. The complex will also be equipped with vehicle scales and overhead railway cranes.[1,2,3]

It is expected that the transit of goods and individuals will significantly grow on the Uzbekistani-Afghanistani border following the recent decision by the Uzbekistani government to allow the movement of commercial cargoes and individuals through the Termez-Khayraton bridge in addition to international humanitarian aid to Afghanistan. The new customs complex is thus designed to provide effective customs and border control.[2,3]

Sources: [1] “U mosta Termez-Khayraton vveden v ekspluatatsiyu tamozhenny kompleks ‘Airitom’” [The “Airitom” customs complex was put in service near the Termez-Khayraton bridge], Uza news agency (Uzbekistan), November 11, 2003, <<http://www.uza.uz/business/2003/11/3.shtml>>. [2] Vilor Niyazmatov, “Krupneyshiy v Tsentralnoy Azii tamozhenny kompleks na uzbeksko-afganskoy granitse vveden v ekspluatatsiyu” [The largest customs complex in Central Asia was put in service on the Uzbek-Afghan border], ITAR-TASS, November 9, 2003; in Integrum Techno, <<http://www.integrum.com>>. [3] “‘Airitom’ zhelayet dobrogo puti” [“Airitom” wishes a pleasant journey], Zhakhon news agency, November 11, 2003, <<http://jahon.mfa.uz/ARHIV/2003/11/11112003.htm>>.

Belarus Establishes New Government Export Control Body

In accordance with Presidential Decree No. 599 of December 30, 2003, Belarus has established the State Defense Industry Committee (SDIC).[1] According to the press service of the presidential administration, this new state committee was created “with the purpose of implementing a unified state policy in the spheres of national defense of Belarus, development of the defense industry, and military-technical cooperation.”[2,3,4] The range of primary responsibilities of the SDIC encompasses development and implementation of measures aimed at preserving and improving the scientific-technical and economic potential of the defense industry in Belarus.[2,3,4] The SDIC is also mandated to restructure the Belarusian defense industry so that it can be more competitive under market conditions.[2,3,4] In addition, amendments will be introduced to Belarusian export control legislation, delegating to the new body certain export control functions.[2,3,4]

Nikolay Azamatov, former chief designer of automated control systems and information technologies at the Ministry of Industry and former director general of the State Scientific Production Association Agat was appointed chairman of the newly founded SDIC.[1,2,3,4] It is expected that, as SDIC chairman, Azamatov will become a member of the cabinet of ministers.[2]

Sources: [1] "V sootvetstvi s Ukazom Prezidenta Belarusi sozdan Gosudarstvennyy voyenno-promyshlennyy komitet" [State Defense Industry Committee established in accordance with presidential decree], Belarusian Telegraph Agency BELTA, December 31, 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] Sergey Ivanov, "Komitet voyenzakaza" [The Committee of Military Procurement], *Belorusskaya delovaya gazeta*, No. 1392, January 9, 2004; in Integrum Techno, <<http://www.integrum.com>>. [3] "Minsk. Sozdan Gosudarstvennyy voyenno-promyshlennyy komitet" [Minsk. State Defense Industry Committee established], InfoNews, January 4, 2004; in Integrum Techno, <<http://www.integrum.com>>. [4] Larisa Klyuchnikova, "V Belorussii ukazom prezidenta sozdan Gosudarstvennyy voyenno-promyshlennyy komitet" [State Defense Industry Committee created in Belarus in accordance with presidential decree], ITAR-TASS, December 30, 2003; in Integrum Techno, <<http://www.integrum.com>>.

Changes in NIS Export Control Personnel

New Georgian Customs Chief Slashes Personnel, Costs

In late January 2004, the newly appointed head of the Georgian Department of Customs implemented the first phase of a department-wide reorganization intended to reduce costs and the number of personnel.

At a January 30, 2004, press conference, Levan Kistauri, who assumed the position of head of customs on December 5, 2003, announced the termination of 16 regional customs managers, including the following:

- the head of the Western Regional Customs Office and two of his three deputies;
- all three deputy directors of the Eastern Regional Customs Office;
- the head of the Southern Regional Customs Office and one of his two deputies;
- three of four deputy directors of the Railway Regional Customs Office; and
- several personnel from the Department of Customs' Criminal Service.

According to Kistauri, the personnel changes are due both to the structural reorganization occurring in the department and, in several cases, because of neglect of duty on the part of those terminated. In addition to the aforementioned terminations, Kistauri did not extend the contracts of 110 temporary customs personnel, who work in headquarters and as non-staff personnel at customs check points, for savings to the department of approximately 15,000 lari (\$7,500 as of January 2004).

This first phase of cuts will be followed by extensive personnel changes in the coming months, according to Kistauri, including changes in management at all 26 customs check points in Georgia and further termination of personnel at headquarters.[1,2]

Sources: [1] Kavkasia-Press, December 5, 2003; in "New Tax, Customs Department Heads Appointed," FBIS Document CEP20031205000100. [2] Lera Iremashvili, "Shestnadtsat rukovodyashchikh lits regionalnykh tamozhennykh upravleniy osvobozhdeny ot zanimemykh dolzhnostey" [Sixteen management personnel from regional customs departments terminated], *Novosti-Gruziya*, January 30, 2004; in Integrum Techno, <<http://integrum.com>>.

International Supplier Regimes

United States Revises Control List to Conform with Changes in Wassenaar Arrangement

The United States recently adopted a new rule that introduces changes to its Commerce Control List (CCL)—a list of items subject to Department of Commerce export controls—to bring it into conformity with December 2002 revisions to the Wassenaar List of Dual-use Goods and Technologies, or Wassenaar Arrangement. The new rule, which became effective December 10, 2003, revises a number of national security-controlled entries in the CCL. Amendments include strengthened controls on radiation-hardened integrated circuits, relaxed controls on digital computers, and decontrol of general-purpose microprocessors. The new rule also makes the existing control text more easily understood and more "user-friendly" for commercial exporters and licensing authorities.[1]

For a detailed list of the changes made to the CCL, see the Bureau of Industry and Security website: <http://www.bis.doc.gov/Wassenaar/Dec03FinalRule.pdf>.

Editor's Note: The Wassenaar Arrangement (WA), the first global multilateral arrangement on export controls for conventional weapons and sensitive dual-use goods and technologies, received final approval by 33 co-founding countries in July 1996 and began operations in September 1996. The WA was designed to promote transparency, exchange of views and information, and greater responsibility in transfers of conventional arms and dual-use goods and technologies. WA countries maintain effective export controls for the items on the agreed lists, which are reviewed periodically to take into account technological developments and experience gained. Statements and documents associated with the WA's annual meetings in Vienna may be accessed at <http://www.wassenaar.org>. [2]

Sources: [1] "December 2002 Wassenaar Arrangement Plenary Agreement Implementation: Categories 1,2,3,4,5,6, and 7 of the Commerce Control List, and Reporting Requirements," Bureau of Industry and Security website, December 10, 2003, <http://www.bis.doc.gov/Wassenaar/Dec03FinalRule.pdf>. [2] "The Wassenaar Arrangement," Wassenaar Arrangement website, <http://www.wassenaar.org/docs/talkpts.html>.

NSG Seeks Agreement on Tightening Export Controls

On January 5, 2004, *NuclearFuel* quoted a U.S. State Department official as stating that the Nuclear Suppliers Group (NSG) is considering several changes to its export guidelines and hopes to have agreement on them by the May 2004 NSG Plenary in Göteborg, Sweden.[1]

The two major proposed changes are: to make the IAEA Additional Protocol a condition of supply; and to add catch-all control provisions in the NSG dual-use Guidelines.[1] The NSG considered, but did not reach consensus on those issues at its Plenary in Pusan, South Korea on May 19-23, 2003. In addition, the 2003 Plenary discussed but did not adopt steps to increase transparency of the NSG full-scope safeguards supply policy, and technical amendments to the control lists. However, it was decided that the NSG Consultative Group should continue meetings as necessary to consider those unresolved issues until May 2004, when it is supposed to report its progress to the Plenary in Sweden.[2] *[Editor's Note: The NSG Consultative Group is a standing intercessional body created at the May 2001 Plenary Meeting in Aspen, Colorado, United States. The Consultative Group meets at least twice a year under the mandate of the Plenary to hold consultations on matters such as review of the Guidelines or control lists, procedures, information sharing, transparency, and outreach activities.][2,3]*

The first major change—making the Additional Protocol a condition of supply—would be a better guarantee for NSG members that the supplied nuclear materials are used for their intended purpose, though NPT member states are not required to adopt the Protocol.[1,4] The Protocol substantially expands the IAEA's ability to check for clandestine nuclear facilities by providing the agency with authority to visit any facility (declared or not) and investigate questions about or inconsistencies in a state's nuclear declarations.[4]

Adding the requirement for countries to have the Additional Protocol in force as a condition of supply for items on the NSG Trigger List (Part 1 of the Guidelines) is a logical extension of the present requirement that the recipient country have a full-scope safeguards agreement in force. At the end of the first Gulf War, a concerted effort began at the IAEA to strengthen the safeguards system. The program to accomplish this goal was called the 93 + 2 program. It resulted in the creation of the model additional protocol that was adopted by the Board of Governors in 1997. Since then, 39 countries have put the Additional Protocol into force—the latest being the Republic of Korea in February 2004. Other notables that have ratified the Additional Protocol include Australia, Canada, and Japan. Unfortunately, the United States and the 15 members of the European Union have not brought the Additional Protocol into force even though all of them signed the Protocol in 1998. The U.S. President, in his February 11, 2004 speech, indicated that the United States would seek to bring the Protocol into force as soon as possible.[5] Of lesser significance would be the addition of so-called catch-all controls to the NSG Guidelines covering dual-use items. Most countries already have domestic controls that allow the licensing of otherwise non-controlled items if the export is destined to an end-user or end-use of concern. Also for many years the members of the NSG have voluntarily shared the denials of exports under the catch-all controls with each other.

Reportedly, the revisions of NSG export guidelines also involve clarification of two key exceptions to the full-scope safeguards condition of supply: 1) exception to apply controls in cases in which failure to provide the export produces an imminent hazard; and 2) exception to apply controls in cases in which contracts for exports existed before the relevant rule came into effect, also known as the “grandfather clause.”

Most people believe that the safety exception is already sufficiently clarified. At the Madrid Plenary in 1994, a common understanding was reached, which states, "Exceptional cases are generally understood as those when a transfer of a trigger list item is deemed to be essential in order to prevent or correct a radiological hazard posing a significant danger to public health and safety and which cannot be realistically met by other means. It would, however, be useful to incorporate this common understanding into the Guidelines. In the case of the grandfather clause it would be helpful to require members to make a onetime disclosure of any contractual arrangements that they interpret as falling under the exception.

It is noteworthy that since the full-scope safeguards agreement requirement was adopted in 1992, only one member—Russia has invoked either of the exceptions. Russia supplies low-enriched uranium (LEU) fuel to an Indian nuclear power plant at Tarapur and claims that the transfer is essential for safety purposes and is therefore permissible. The United States, however, contends that Russian supply of LEU fuel does not fall under the requirements of the NSG’s safety exception. In a 1988 deal with India, the Soviet Union agreed to build two 1,000 MW light water reactors at Koodankulam. Russia argues that because the two sides agreed to the arrangement before the NSG’s 1992 revisions, the transaction can proceed under the NSG’s grandfather clause. The United States, on the other hand, argues that the Koodankulam project does not fall under the grandfather clause because no money was exchanged and no contract was signed at the time of the initial agreement.

Sources: [1] Daniel Horner, Mark Hibbs, “Suppliers group seeking agreement on tightening export guidelines,” *NuclearFuel*, January 5, 2004; in Lexis-Nexis Academic Universe, <<http://web.lexis.nexis.com>>. [2] “The Nuclear Suppliers Group,” U.S. Department of State Bureau of Nonproliferation fact sheet, September 10, 2003, U.S. Department of State website, <<http://www.state.gov/t/np/rls/fs/3053.htm>>. [3] Inventory of International Nonproliferation Organizations & Regimes, CNS website, <<http://www.cns.miis.edu/pubs/inven/pdfs/nsg.pdf>>. [4] “The 1997 IAEA Additional Protocol At a Glance,” Arms Control Association fact sheet, January 2004, Arms Control Association website, <<http://www.armscontrol.org/factsheets/IAEAProtocol.asp>>. [5] “President Announces New Measures to Counter the Threat of WMD,” Remarks by the President on Weapons of Mass Destruction Proliferation, Fort Lesley J. McNair - National Defense University, Washington, D.C., February 11, 2004, White House website, <<http://www.whitehouse.gov/news/releases/2004/02/20040211-4.html>>.

International Export Control and WMD Security Assistance Programs

United States and Azerbaijan Sign Agreement on Cooperation in WMD Nonproliferation

On January 2, 2004, U.S. Ambassador to Azerbaijan Reno L. Harnish and Azerbaijani Minister of Defense Safar Abiyev signed an agreement *On Cooperation between the Cabinet of Ministers of Azerbaijan and U.S. Department of Defense in Preventing the Proliferation of Weapons of Mass Destruction*. [1,2] According to the Agreement, the United States will provide Azerbaijan with \$10 million in technical assistance intended to strengthen Azerbaijani borders and enhance the country’s ability to detect WMD and related materials, and prevent their transportation across or storage on the territory of Azerbaijan. [3] Specifically, the funds allocated under the U.S. Department of Defense Cooperative Threat Reduction program will be spent on the purchase of equipment and spare parts for the Azerbaijani border guard service, personnel training, improvements in border infrastructure, repairs of patrol ships, and upgrades to their surveillance and communication systems. [4,5] According to Trend news agency, the United States will allocate \$800,000 in 2004 alone to help Azerbaijan secure its borders. [6] In 2004, the United States will also supply Azerbaijan with three Ribcraft Mitigator 5.85 patrol boats, each worth about \$60,000. [7,8] These boats equipped with diesel engines are capable of speeds in excess of 35 miles per hour with a capacity of more than six people. They offer increased maneuverability and functionality, and can easily be transported by land, air, and sea. [9] The Azerbaijani border guard service has two similar boats in service. [8]

This Agreement followed the December 30, 2003, extension of the waiver of Section 907 of the *Freedom Support Act* for Azerbaijan by President George Bush. [10] According to Presidential Determination No.

2004-18 granting the extension, the waiver “is necessary to support United States efforts to counter international terrorism; is necessary to support the operational readiness of United States Armed Forces or coalition partners to counter international terrorism; is important to Azerbaijan’s border security; and will not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan or be used for offensive purposes against Armenia.”[10]

This is not the first time the United States and Azerbaijan signed an agreement on cooperation in preventing WMD proliferation. On September 28, 1999, U.S. Deputy Secretary of Defense John Hamre and Azerbaijani Minister of Foreign Affairs Tofiq Zulfugarov signed a cooperation agreement on the counterproliferation of nuclear, chemical, and biological weapons, and related materials.[11,12]

Editor’s Note: The Freedom Support Act was passed by the U.S. Congress in October 1992 to facilitate economic and humanitarian aid to the countries of the former Soviet Union. Section 907 of this law banned direct U.S. government assistance to the Azerbaijani government until it relieved pressure on Armenia and the people of Nagorno-Karabakh. President Bush waived this section on January 25, 2002, after the U.S. Congress passed legislation as part of the Foreign Operations Appropriation for fiscal year 2003 granting him the authority to do so.[11]

Sources: [1] “SShA i Azerbaydzhan budut sotrudnichat v oblasti predotvrashcheniya rasprostraneniya oruzhiya massovogo porazheniya” [The U.S. and Azerbaijan will cooperate in the prevention of proliferation of weapons of mass destruction], Bilik Dunyasy news agency (Azerbaijan), January 5, 2004; in Integrum Techno, <<http://www.integrum.com>>. [2] TV 1 Channel (Baku, Azerbaijan), January 2, 2004; in “Azerbaijan, US Sign Agreement on Preventing Proliferation of WMD,” FBIS Document CEP20040102000084. [3] Sevindzh Abdullayeva, Viktor Shulman, “V Baku podpisano azerbaidzhano-amerikanskoye soglasheniye o sotrudnichestve v oblasti predotvrashcheniya rasprostraneniya OМУ” [Azerbaijani-U.S. agreement on cooperation in preventing WMD proliferation signed in Baku], ITAR-TASS, January 2, 2004; in Integrum Techno, <<http://www.integrum.com>>. [4] G. Mustafayeva, “SShA vydelili Azerbaydzhanu \$10 mln na sferu borby s rasprostraneniem oruzhiya massovogo unichtozheniya” [United States allocates \$10 million to Azerbaijan for the fight against the proliferation of weapons of mass destruction], Trend news agency (Baku), January 5, 2004; in Integrum Techno, <<http://www.integrum.com>>. [5] Nurani, “Bush prodлил otmenu 907-y popravki” [Bush extended the waiver of Section 907], *Ekho* electronic newspaper, No. 247 (739), January 6, 2003, <<http://www2.echo-az.com/archive2/739/facts.shtml#10>>. [6] G. Azizogly, “SShA v 2004 godu vydelyat 800 tys. dollarov na okhranu granits Azerbaydzhana” [In 2004, the United States will allocate \$800,000 for the protection of Azerbaijani borders], Trend news agency (Baku), January 16, 2004; in Integrum Techno, <<http://www.integrum.com>>. [7] “Beregovaya gvardiya SShA peredast v dar vooruzhennym silam Azerbaidzhana neskolko katerov” [U.S. Coast Guard will provide Azerbaijani armed forces with several boats], Centran information agency, January 9, 2004; in Integrum Techno, <<http://www.integrum.com>>. [8] “S pomoshchyu SShA” [With U.S. help], *Krasnaya zvezda*, January 22, 2004; in Integrum Techno, <<http://www.integrum.com>>. [9] “Ribcraft Signs Contracts with United States Coast Guard and United States Air Force,” Ribcraft USA press release, January 5, 2004, Ribcraft USA website, <http://www.ribcraftusa.com/news01_05_04.html>. [10] Memorandum for the Secretary of State: Extension of Waiver of Section 907 of the FREEDOM Support Act with Respect to Assistance to the Government of Azerbaijan, Presidential Determination No. 2004-18, White House Press Release, Office of the Press Secretary, December 30, 2003, White House website, <<http://www.whitehouse.gov/news/releases/2003/12/20031230-6.html>>. [11] “Lifting Restrictions on Azerbaijan Permits More Cooperation,” White House statement on Presidential Waiver of Section 907, January 30, 2002, U.S. Department of State’s Office of International Information Programs website, <<http://usinfo.state.gov/topical/pol/terror/02013006.htm>>. [12] “U.S. and The Republic of Azerbaijan Sign WMD Counterproliferation Agreement,” U.S. Department of Defense Press Release No. 467-99, October 6, 1999, U.S. Department of Defense website, <http://www.defenselink.mil/releases/1999/b10061999_bt467-99.html>.

New Director at the U.S. Department of State Office of Export Control Cooperation

On August 25, 2003, Paul van Son was appointed director of the State Department Office of Export Control Cooperation (ECC) in the Bureau of Nonproliferation replacing John Schlosser, who became director of the Office of Regional Affairs in the South Asia Bureau.

The Office of Export Control Cooperation runs the Export Control and Related Border Security Assistance (EXBS) Program, which seeks to help countries improve their ability to prevent and interdict illegal shipments of WMD materials, related technologies, and conventional weapons. While EXBS activities were originally focused on countries that were considered possible sources of WMD technologies in the former Soviet Union, they have expanded to countries that are considered possible smuggling routes in Eastern and Central Europe, the Balkans, Central Asia, and the Caucasus, as well as countries in South Asia and major transshipment centers in the Mediterranean, Middle East, and Southeast Asia.[1]

Paul van Son is a career foreign service officer, who, prior to joining the Office of Export Control Cooperation, was counselor for Arms Control at the United States Mission to the United Nations in Vienna, Austria, where he was responsible for the Comprehensive Test Ban Treaty Organization and Wassenaar

Arrangement issues. Prior to that, van Son was senior advisor to the U.S. Mission to the Organization for Security and Cooperation in Europe in Vienna. Before serving in Vienna, van Son was deputy director of the Office of Regional Security and Arms Transfer Policy in the Bureau of Political Military Affairs at the Department of State.

During an interview with *NIS Export Control Observer* Editor-in-Chief Sonia Ben Ouagrham, van Son outlined the main objectives and activities of his office for 2004:

- The focus of the EXBS program will remain on the Newly Independent States. However, the Office will strive to expand the program to non-NIS transit and transshipment states and increase the share of the program devoted to transshipment and Eastern European States.
- In Central Asia, the EXBS program, which in past years has focused on the delivery of equipment for local enforcement communities, will shift its concentration to activities related to industry outreach, licensing, enforcement, training, and the development of national export control legislation. However, the delivery of equipment to enforcement officials will remain a major activity this year, as the program will concentrate on spending funds obligated for equipment in 2003 and previous years.
- The Office will continue to work with individual states in Central Asia and the Caucasus to finalize procedures for accession to and implementation of the Regional Transit Agreement (RTA). The RTA is intended to include eight countries (Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) in this region and would commit those that sign the agreement to adopt control lists consistent with the multilateral export control regimes and to share information on the transit/transshipment of controlled items through neighboring countries.
- The Office will sponsor two regional conferences. The Sixth International Conference on Export Control, which traditionally addresses export control issues in Eastern Europe, and a transshipment seminar, which will be organized in a transshipment state, and will focus on the risks of transshipment of WMD and conventional weapons through countries with large container ports. The Office, however, will not organize a Central Asia and Caucasus Nonproliferation and Export Control Forum this year.

Source: [1] For a more detailed description of the EXBS program see "U.S. Export Control Initiatives," *NIS Export Control Observer*, No. 7, July 2003, p. 6, <<http://cns.miis.edu/nis-excon>>.

Embargoes and Sanctions Regimes

United States Sanctions Two Macedonian Entities

According to a December 18, 2003, notice in the *Federal Register*, the United States sanctioned two entities in the Former Yugoslav Republic of Macedonia—a company, Mikrosam, and a Macedonian national, Blagoja Samakoski—for involvement in missile technology proliferation activities.[1,2] Mikrosam, based in the city of Prilep, is a manufacturer of machinery and equipment, including filament winding machines, which can be used in the production of missiles.[3] According to the Mikrosam company website, Blagoja Samakoski is an employee of Mikrosam and is involved in developing the company's strategic plan, advising on research and development activities, and developing new products. One of his responsibilities involves expanding customer and government relationships and developing new business markets across Europe, the Middle East, and the United States.[3] The notice in the *Federal Register* did not disclose information regarding items sold or the recipient country.[1]

Under the U.S. sanctions, Mikrosam and Samakoski are prohibited from direct and indirect import from the United States, or export to the United States of goods, services, materials, technologies and their components controlled by the MTCR and the U.S. Export Administration Act for a period of two years.[1,2] The sanctions became effective on December 24, 2003.[2,4]

Sources: [1] Mike Nartker, "Macedonian Missile Efforts Trigger U.S. Sanctions," *Global Security Newswire*, December 29, 2003, <http://www.nti.org/d_newswire/issues/2003_12_29.html>. [2] U.S. Department of State, *Federal Register*, Number 247, December 24, 2003, <<http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/03-31726.htm>>. [3] For more information on Mikrosam, visit the company's website: <<http://www.mikrosam.com.mk/company.htm>>.

[4] U.S. Department of the Treasury, Office of Foreign Assets Control, "A summary of the Weapons of Mass Destruction Trade Control Regulations (Title 31 Part 539 of the U.S. Federal Code of Regulations) and Executive Order 13159 dealing with Highly Enriched Uranium," <<http://www.treas.gov/offices/eotffc/ofac/sanctions/t11wmd.pdf>>.

Israeli Citizen Accused of Shipping Nuclear Components to Pakistan

On January 2, 2004, an Israeli citizen, Ashel Karni, was arrested at Denver International Airport, United States, on charges of illegally shipping specially designed, high-speed electrical switches, known as triggered spark gaps, from the United States to Pakistan.[1,2] According to experts, spark gaps have medical applications and are used mainly in lithotripters, a device used to pulverize kidney stones and gallstones. Spark gaps can also be used to trigger nuclear detonations. For this reason, the export of the device from the United States to a number of countries, including Pakistan, requires a special license from the U.S. government.[2,3,4] Specifically, triggered spark gaps are listed among the dual-use items on the Commerce Control List maintained by the Bureau of Industry and Security of the U.S. Department of Commerce.[5]

Karni is founder and head of Top Cape Technology, a company based in Cape Town, South Africa, that trades in electronic products for the military and commercial industries.[3] According to an affidavit from a U.S. federal agent involved in the case, the investigation was launched based on information received by the U.S. Department of Commerce from an anonymous source in South Africa. Reportedly, the information revealed Karni's arrangement with a U.S. firm, Giza Technologies, based in Secaucus, New Jersey, to purchase 200 spark gaps from a U.S. manufacturer, PerkinElmer Optoelectronics, of Salem, Massachusetts and to send the devices to South Africa, listing them on shipping documents as electrical equipment for a hospital in Soweto. From Soweto, Karni dispatched the devices to Pakistan via Dubai, the United Arab Emirates. The 66 spark gaps in the initial shipment were disabled by the manufacturer at the request of U.S. federal agents.[3,4,6] According to court documents, Karni used this complicated scheme to avoid U.S. export restrictions.[3] The affidavit also mentions that before approaching Giza Technologies, Karni tried to purchase 400 triggered spark gaps directly from PerkinElmer but changed his plans when the manufacturer told him that the export of the spark gaps would require a U.S. license.[3,6]

The firm listed on the consignment from South Africa as the receiver was Pakland PME, based in Islamabad, Pakistan, which reportedly is known to be a regular supplier of military hardware to the Pakistani military.[6] Moreover, according to Jay Bratt, the U.S. federal prosecutor in the case, Pakland PME's owner Humayun Khan has connections to a terrorist group in the disputed Kashmir region.[1] On January 28, 2004, the U.S. District Court for the District of Columbia allowed Karni to be released under strict conditions while he awaits trial, despite the prosecutor's request to hold him without bail. The conditions include Karni's consent to waive all rights to extradition (which means that if he were to flee to Israel or South Africa, he could be extradited to the United States automatically); to pay a \$100,000 bond; and to be electronically monitored while he stays in Maryland.[7,8]

Sources: [1] Jim Hughes, "Feds fight bail for nuke-sale suspect, U.S.: Israeli's deal violates export laws," *Denver Post*, January 21, 2004; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>> [2] "Israeli held in U.S. over nuclear parts sales to Pakistan," HAARETZ.com online edition, January 13, 2004, <<http://www.haaretzdaily.com/>>. [3] Matt Kelley, "Arrest Links Pakistan to Nuke Black Market," *Guardian Unlimited* online edition, January 16, 2004, <<http://www.guardian.co.uk/world/latest/story/0,1280,-3631191,00.html>> [4] Shaun Waterman, "Israeli Faces Pakistan nuke export charges," *The Washington Times* online edition, January 15, 2004, <<http://washingtontimes.com/upi-breaking/20040114-065537-2535r.htm>> [5] Commerce Control List, Supplement No. 1 to Part 774, Index 1, Government Publishing Office website, <<http://w3.access.gpo.gov/bis/ear/pdf/indexccl.pdf>> [6] John Wilson, "Pakistan's missile machismo," *The Pioneer* online edition, <<http://www.dailypioneer.com/>>. [7] Matt Kelley, "U.S. judge orders release of Israeli charged with smuggling nuclear triggers to Pakistan," Associated Press, January 28, 2004; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [8] Hillel Goldberg, "Karni, nuclear trigger suspect, gets bail – sort of," *Intermountain Jewish News* online edition, January 30, 2004, <www.ijn.com>.

Illicit Trafficking in the NIS

Radioactive Tubes Found in Russia's Far East

On December 14, 2003, officers from the Kamchatka Oblast Federal Security Service (FSB) Regional Directorate and Chief Directorate on Civil Defense and Emergency Response seized a shipping container holding radioactive metal tubes at the Petropavlovsk-Kamchatskiy fishing port.[1,2] The shipping container with the tubes was ready to be loaded onto a Vladivostok-bound ship. The tubes, 70 cm in length, were reportedly emitting radiation more than 10 times the acceptable level. Russian media reports speculated that the tubes may have been stolen from the closed naval base at Vilyuchinsk on the Kamchatka Peninsula, home port of the Russian Pacific Fleet's nuclear-powered submarines. According to the Vladivostok newspaper *Novosti* the tubes could have been part of a nuclear reactor's cooling system.[1,2]

On January 5, 2004, Yevgeniy Laukhin, head of the Kamchatka Oblast FSB Regional Directorate, announced that the radioactive cargo had been stored underground near one of Petropavlovsk-Kamchatskiy's largest supermarkets before the illegal shipment attempt, but no trace of radioactive contamination was found in the area. The investigation established that the perpetrators intended to sell the tubes to nonferrous metal dealers in Vladivostok, but no suspects have yet been arrested.[3]

Editor's Note: Cooling system tubes from nuclear-powered submarines will become radioactive over the course of the operational life of the reactor system because some neutrons emitted by the nuclear fuel, as a result of nuclear fission, are absorbed by the tubes and other equipment inside the reactor compartment.

Sources: [1] Eduard Frolov, "Zaderzhan radioaktivnyy konteyner" [Radioactive Container Detained], *Izvestiya*, No. 230 (26547), December 17, 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] Vasilii Buslayev, "Radiatsiya do Vladivostoka ne doshla" [Radiation didn't reach Vladivostok], *Novosti* (Vladivostok), No. 189, December 18, 2003; in Integrum Techno, <<http://www.integrum.com>>. [3] "Nezakonnyy radioaktivnyy gruz nekotorye vremya khranilsya ryadom s odnim iz krupneyshikh supermarketov Petropavlovsk" [Illegal radioactive cargo had been stored for some time near one of Petropavlovsk's largest supermarkets], Vostok-Media news agency, January 5, 2004; in Integrum Techno, <<http://www.integrum.com>>.

Trafficker Prosecuted in Kazakhstan

In November 2003, a Kazakh national was convicted and sentenced to three years of probation in Shymkent, southern Kazakhstan in accordance with Article 247, Part 2 of the Kazakhstani Criminal Code *Illicit Sale of Radioactive Materials; Their Illegal Acquisition, Storage, and Transportation with the Purpose of Sale*. [1,2] The culprit was arrested on August 5, 2003, by operatives of Kazakhstan's Committee for National Security (KNB) while he was attempting to sell radioactive materials in Shymkent for \$400,000, advertising it as plutonium.[1] During a search of the suspect's house, the KNB officers discovered a container with a highly radioactive substance that the unemployed resident of Shymkent had kept in his house for at least a month and a half.[1,2]

According to the analysis of the material made by experts at the Kazakhstani Institute of Nuclear Physics, the seized container included isotopes of curium-243, curium-245, and cesium-137 with a total radiation of 40,000 microrentgens per hour.[1] According to KNB officers, the container is likely a piece of equipment previously used in the mining industry or in oil and gas extraction. The suspect stole the container from a warehouse in which the retired equipment was being stored.[1,2]

Editor's Note: Based on the reported radiation emission, the container would not pose an immediate health risk. A person would have to be exposed to this radiation source for almost two months before he or she absorbed enough radiation for the onset of noticeable near term health effects, such as radiation sickness.

Sources: [1] Nataliya Braun, "Konteynernaya operatsiya" [Container operation], *Ekspress K* (Kazakhstan), November 25, 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] "KNB obnarodoval informatsiyu o predotvrashchennoy popytke prodats radioaktivnyy material" [KNB released information about the thwarted attempt to sell radioactive material], TV Khabar (Kazakhstan), November 22, 2003; in KNB website, November 26, 2003, <http://www.knb.kz/index.php?parent_id=1016251312&chapter=1069814047>.

Summaries from the NIS Press

Belarus Issues Report on Export Control and Weapons Sales

On November 20, 2003, the Ministry of Foreign Affairs of Belarus released the National Report of the Republic of Belarus *On the Policy of Export Control, and Exports of Weapons and Military Equipment in 2002-2003*. The comprehensive report contains a review of Belarusian legislation, state policy, and the decision-making process in the spheres of military-technical cooperation, export control, and nonproliferation, as well as a description of licensing procedures.[1,2,3] The report also describes reforms in the sphere of military and technical cooperation that began with the March 11, 2003 Presidential Edict No. 94 *On Measures Regulating Military and Technical Cooperation of the Republic of Belarus with Foreign States*. [3,4] The report's appendices include license forms, information on the stockpile of anti-personnel mines and quantities of mines destroyed in 1997-2002, Belarusian reports to the Organization for Security and Cooperation in Europe on exports and imports of light weapons and small arms in 2001-2002, as well as data from the reports submitted to the UN Register of Conventional Weapons on the transfers of conventional weapons in 1992-2002, which specify the exported weapons types, quantities, and recipients.[3]

This report is the second one on Belarusian export control policy and arms exports. In 2002, Belarus prepared a similar annual report for 2001-2002. Of CIS countries, Belarus is the first and only one to make the publication of such reports a regular event.[3,4,5,6] This exercise in transparency appears to be an attempt to alleviate international, and especially U.S., concerns that Belarus supplied arms to countries under UN arms embargo, including Iraq. Presenting the report, Vasil Paulau, head of the export control and nonproliferation section of the Department for International Security and Arms Control at the Ministry of Foreign Affairs, said that Belarusian arms exports in 2002 went mainly to four countries: Algeria, Iran, the Ivory Coast, and Sudan. The main export items were tanks, armored personnel carriers, and artillery systems. According to Paulau, the report confirms that Belarusian weapons sales are in strict compliance with international norms. He denied allegations that Belarus exported arms to Iraq before the U.S.-led invasion in March 2003.[1,2,5]

Sources: [1] Andrey Fomin, "Belorussiya raskryvayet dannyye ob eksporte svoynogo vooruzheniya" [Belarus reveals information on its arms exports], ITAR-TASS, November 20, 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] Oleg Litskevich, "Osnovnymi poluchatelyami belorusskogo vooruzheniya v 2002 godu stali Iran, Sudan i Alzhir – MID" [MFA: Iran, Sudan, and Algeria were the main recipients of Belarusian weapons in 2002], Belarusian Telegraph Agency BELTA, November 20, 2003; in Integrum Techno, <<http://www.integrum.com>>. [3] Maksim Pyadushkin, "Otchet Belarusi ob eksporte vooruzheniy v 2002-2003 godakh" [Belarusian report on arms export in 2002-2003], *Eksport vooruzheniy*, No. 6, December 17, 2003; in Integrum Techno, <<http://www.integrum.com>>. [4] For details, see: "Lukashenko Signs Edict on Foreign Military Cooperation," *NIS Export Control Observer*, No.4, April 2003, p. 5, <<http://cns.miis.edu/nis-excon>>. [5] Dmitry Zayats, "Podshtitan kazhdyy patron" [Every round is accounted for], *Sovetskaya Belarus* (Minsk), December 3, 2003; in Integrum Techno, <<http://www.integrum.com>>. [6] Both reports can be found online at the website of the Ministry of Foreign Affairs of Belarus, <<http://www.mfa.gov.by/rus/index.php?id=1&d=economic/econtrol>>.

Russia and Belarus Take Steps to Unify Export Control Legislation and Strengthen Military-Technical Cooperation

On December 17-18, 2003, the third meeting of the Joint Belarus-Russia Intergovernmental Commission on Military-Technical Cooperation was held in Minsk.[1] According to the press service of the Ministry of Defense of Belarus, the agenda of the meeting focused on issues related to the unification of the national legislation of the two countries in the area of export control of military goods.[1,2] In addition to this, the participants discussed the prospect for developing and improving bilateral relations in the field of military-technical cooperation.[1,2] The Commission members also reviewed the progress in implementing decisions related to the creation of joint defense enterprises, which were adopted at the second meeting held in Moscow on June 26-27, 2003.[3,4] Apart from the two meetings of the Commission, six meetings of Belarusian and Russian experts in the field of military-technical cooperation were held in 2003.[3]

Commenting on the results of the Commission's third meeting, the head of the Russian delegation, Deputy Chairman of the Russian Federation's Committee on Military-Technical Cooperation with Foreign Countries (CMTC) Vladimir Paleshchuk told Interfax news agency that the parties reached an agreement

whereby, beginning January 1, 2004, Belarus and Russia will sell military goods to each other only at mutually agreed upon internal prices.[1,5] Regarding bilateral military-technical cooperation, Paleshchuk added that because in this area the legislative framework of both countries is “practically similar,” there would be no need for significant adjustments.[5] Paleshchuk also noted that the Commission paid special attention to a future program that calls for the establishment of Belarusian-Russian joint ventures in the defense industry. According to Paleshchuk, one “very powerful” industrial joint venture will become operational in Belarus in 2004 and two to three smaller joint ventures will open in Russia.[5] In accordance with the decisions made at the second meeting, Russian participants in the future joint ventures will include the Federal Unitary Enterprise Rosoboronexport, as well as several aeronautics facilities, such as the State Unitary Enterprise “Sukhoi” Aircraft Military and Industrial Complex, the Open Joint Stock Company Air Defense Concern Almaz-Antey, the Federal Unitary Enterprise Air Company Polet, and the Federal Unitary Enterprise Moscow Scientific-Research Institute of Instrument Design. The Belarusian entities expected to join the joint ventures include the State Scientific-Industrial Association Agat, the Closed Joint Stock Company Beltekhexport, and the Open Joint Stock Company Peleng.[6]

Complementing Paleshchuk’s statements, Belarus Deputy Defense Minister on Arms Issues Major General Pyotr Rahazheuski, stated that in 2004, the governments of Russia and Belarus will consider drafts of the following three intergovernmental documents regulating bilateral military-technical cooperation: the Agreement on Unified Pricing of Bilateral Exports of Military Goods; Agreement on the Procedures for Participation of Companies in Tenders for Allocation of Procurement Orders for Maintenance and Modernization of Military Equipment and Weapons; and the Agreement on the Mutual Protection of Intellectual Rights in the Area of Military-Technical Cooperation.[7]

Editor’s Notes: According to the Belarus-Russia Treaty on Creation of the Union State of December 8, 1999, the main purpose of the Union State is the achievement of the highest degree of integration of brotherly Belarusian and Russian peoples, which, among other aspects, will include the formation of a common economic space and currency, as well as the conduct of unified foreign and defense policies. As envisioned in the document, the realization of these objectives will be carried out gradually. The institutional framework of the Union State is represented by the Supreme State Council, Parliament, Council of Ministers, Court and the National Audit Office of the Union State, and the Permanent Committee of the Union State.[8] The Program of Action by the Russian Federation and Republic of Belarus towards Implementation of Provisions of the Treaty on Creation of the Union State of December 8, 1999 contains the timeline and stages of integration of the two countries.[9]

After the breakup of the Soviet Union the military-technical cooperation between Belarus and Russia was conducted in accordance with the Commonwealth of Independent States’ Collective Security Treaty of May 15, 1992. Subsequently the regulatory framework for bilateral military-technical cooperation evolved into one interstate and four intergovernmental agreements, including On Military-Technical Cooperation of October 29, 1993, On Industrial and Scientific-Technical Cooperation of Enterprises of the Defense Industry of May 20, 1994, and On Procedures for Interaction in the Process of Export of Military Goods to Third Countries of July 18, 2003. The main focus of military-technical cooperation between Belarus and Russia includes the following areas: mutual transfers of components and spare parts for military equipment; maintenance, service, and modernization of weapons and military equipment of the Belarusian armed forces; and training of Belarusian military personnel at military educational institutions in the Russian Federation.[10]

Sources: [1] Olesya Luchaninova, “Voprosy unifikatsii zakonodatelstv Belorussii i Rossii v oblasti eksportnogo kontrolya budut obsuzhdeny v Minske” [Questions of unification of export control legislation of Belarus and Russia will be discussed in Minsk], RIA Novosti, December 17, 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] Andrey Fomin, “Belorussiya i Rossiya namereny unifikirovat natsionalnyye zakonodatelstva v oblasti eksportnogo kontrolya za voyennoy produktsiyey” [Belarus and Russia intend to unify national legislation in the area of export control of military goods], ITAR-TASS, December 17, 2003; in Integrum Techno, <<http://www.integrum.com>>. [3] “Predpriyatiya Belarusi proyavlyayut vse bolshe interesa k deyatelnosti Belorussko-Rossiyskoy mezhpriyatelstvennoy komissii po voyenno-tekhnicheskomu sotrudnichestvu” [Belarusian enterprises are increasingly interested in the activities of the Belarus-Russia Intergovernmental Commission on Military-Technical Cooperation], Belarusian Telegraph Agency BELTA, December 18, 2003; in Integrum Techno, <<http://www.integrum.com>>. [4] “Predstaviteli Rossii i Belarusi rassmotryat voprosy ukrepleniya VTS” [Representatives of Russia and Belarus will consider questions of strengthening military-technical cooperation], Interfax, June 23, 2003; in the Inter-Regional Fund of Information Technologies website, <<http://www.mfit.ru/defensive/obzor/ob27-06-03-5.html>>. [5] “V 2004 g. Belarus i Rossiya budut prodavat drug drugu voyennuyu tekhniku tolko po vnutrennim tsenam” [In 2004 Belarus and Russia will sell military goods to each other only at internal prices],

ITAR-TASS, December 18, 2003; UNIAN-VPK [Ukrainian Independent Information News Agency – News From Military-Industrial Complex], No. 51 (293), December 15-21, 2003; in Integrum Techno, <<http://www.integrum.com>>. [6] “Iz Rossii budem torgovat, v Belorusi – remontirovat” [Selling from Russia, maintenance works in Belarus], *Belorusskiy rynok* [“Belarusian market,” Belarusian weekly business newspaper], No. 25 (558), June 30 – July 7, 2003, <<http://www.br.minsk.by/index.php?article=19010>>. [7] “V 2004 godu pravitelstva Belorusi i Rossii rassmotryat 3 proyekta soglasheniy po voyenno-tekhnicheskomu sotrudnichestvu” [In 2004 governments of Belarus and Russia will consider 3 drafts of agreements on military-technical cooperation], Belarusian Telegraph Agency BELTA, December 17, 2003; in Integrum Techno, <<http://www.integrum.com>>. [8] “Dogovor o sozdanii Soyuznogo gosudarstva” [Treaty on Creation of the Union State], December 8, 1999; Soyuz-Info, the official information agency of the Union State of Belarus and Russia, <http://www.sinfo.ru/ru/main/library/acts_souz/detail.shtml?id=28>. [9] “Programma deistviy Rossiiskoy Federatsii i Respubliki Belarus po realizatsii polozhenii Dogovora o sozdanii Soyuznogo gosudarstva” [Program of actions by the Russian Federation and Republic of Belarus towards implementation of Provisions of the Treaty on Creation of the Union State], December 8, 1999; Soyuz-Info, the official information agency of the Union State of Belarus and Russia, <http://www.sinfo.ru/ru/main/library/acts_souz/detail.shtml?id=27>. [10] Vladislav Losev, “Osobennosti voyenno-tekhnicheskogo sotrudnichestva mezhdru Belorussiyey i Rossiyyey” [Peculiarities of military-technical cooperation between Belarus and Russia], Materik [Information-analytical portal of post-Soviet space], Bulletin No. 78, July 1, 2003, <<http://materik.ru/index.php?section=analitics&bulid=54&bulsectionid=4481>>.

Ukrainian Defense Ministry Newspaper Lauds Ukraine’s Export Control Accomplishments

An article in the Ukrainian Defense Ministry’s official newspaper *Narodna armiya* [People’s Army] on January 13, 2004, gives a positive assessment of Ukraine’s efforts in the area of export control.[1] The article notes that Ukraine is a member of all but one of the multilateral export control regimes (the exception is the Australia Group).[2] In addition to this, it stresses that two government bodies—the State Service on Export Control (SSEC), which is part of the Ministry of Economy, and the Presidential Committee on Military and Technical Cooperation and Export Control Policy (CMTCEC), which operates under the auspices of the Council of National Security and Defense of Ukraine (CNSDU)—have been set up to regulate and monitor Ukraine’s compliance with international export control regimes.

In addition, the article’s author points to the failure to find Kolchuga passive radar stations in Iraq long after the fall of Saddam Hussein’s regime as validation of the position of the Ukrainian leadership, which considered the U.S. allegations regarding illegal sales of Kolchuga radars to Iraq groundless.[1,3] U.S. government officials remain convinced that Ukrainian President Leonid Kuchma authorized the transfer of Kolchuga systems to Iraq. However, the official U.S. position is that it does not know if the transfer took place.[4]

The article also provides interesting details on Ukrainian export control operations. For instance, it states that since its creation in 2000, the SSEC has been receiving 5,000-8,000 export applications per year from Ukrainian arms manufacturers, but only about 2,500-3,000 of these actually necessitated the issuance of export licenses.[1] According to the article, approximately 2-3% of the applications are rejected because they entail arms exports to countries that are subject to international sanctions. In the commentary accompanying the article, Ukrainian defense analyst and Director of the Center for Army, Conversion and Disarmament Studies Valentin Badrak observes: “The weapons export control system that is currently in place in Ukraine is not worse than similar systems, for instance, in the USA and Great Britain.”[1]

Editor’s Note: The Kolchuga passive radar system detects aircraft and relays their position to air defense facilities without sending out signals that might make the radar installation itself vulnerable to attack by the adversary’s airpower.

Sources: [1] “Ukrainian Defence Ministry’s Paper Looks At Arms Export Control Efforts,” BBC Monitoring International Reports, January 15, 2004; in Lexis-Nexis Academic Universe Database; <<http://www.lexis-nexis.com>>. [2] On Ukraine’s membership in multilateral export control regimes, see: “NIS Membership in Multilateral Export Control Regimes,” *NIS Export Control Observer*, No. 4, April 2003, p. 9,. [3] On the controversy surrounding the alleged sales of Kolchuga radars to Iraq, see: “Ukraine under Pressure for Iraq Deal,” *NIS Export Control Observer*, No. 2, February 2003, p. 5; “Chairman of Ukraine’s State Service on Export Control Denies Illegal Sales,” *NIS Export Control Observer*, No. 10, October 2003, pp. 13-14. [4] “The U.S. Ukraine Relationship: Looking to Move Forward,” Remarks by Steven Pifer, Deputy Assistant Secretary for European and Eurasian Affairs, U.S. Department of State website, <<http://www.state.gov/p/eur/rls/rm/2003/18003.htm>>.

Thieves Steal Powerful Radioactive Sources Near Murmansk, Discard Radioactive Material

Thieves dismantled two Beta-M radioisotope thermal generators (RTGs) at remote navigational beacons on the Kola Peninsula in Murmansk Oblast, ITAR-TASS reported on November 17, 2003. One of the beacons

was located on Olenya Bay, the other on Yuzhnyy Goryachinskiy Island. The thieves dismantled and removed both the heavy shielding on the RTGs and the radioisotope sources inside, although the radiation sources were later found dumped not far from the beacons. The theft was discovered during a periodic inspection of the beacons by Russian Northern Fleet Hydrographic Service personnel.[1]

Subsequent reports indicated that the thieves made off with a large amount of stainless steel, lead, aluminum, and depleted uranium, all of which are used in the housing of the RTGs.[2] Analysts assume that the thieves intended to sell the stolen metals for their scrap value. The navigational beacons were not guarded, so the thieves had easy access to them. It remains unclear when the RTGs were dismantled, since the beacons are only checked about once every six months. The strontium-90 core from one of the RTGs was discovered near shore in water 1.5 to 3 meters deep; the other was found lying on the ground on Yuzhnyy Goryachinskiy Island.[2,3] Local police and Murmansk Regional Federal Security Service officials believe that those who dismantled the RTGs probably received a fatal dose of radiation from the strontium-90 cores.[2] The radioactive components of the dismantled RTGs have been placed in special containers and will be transported to the Mayak Chemical Combine (MCC) in Chelyabinsk Oblast for safe storage.[4,5]

Sources: [1] Vassiliy Belousov, "Na Severnom flote neizvestnyye razobrali radioizotopnyye termogeneratory, vse chasti, vkluchaya zashchitu obednennogo urana, pokhishcheny" [In the Northern fleet, unknown perpetrators dismantled radioisotope thermal generators; all parts, including depleted uranium shielding, have been stolen], ITAR-TASS, November 17, 2003; in Integrum Techno, <<http://www.integrum.com>>. [2] Igor Kudrik and Rashid Alimov, "Two Strontium Powered Lighthouses Vandalized on Kola Peninsula," Bellona, November 17, 2003, <http://www.bellona.no/en/international/russia/navy/northern_fleet/incidents/31767.html>. [3] Irina Vlasova, "Beskhoznaya radiatsiya. Za smertelno opasnymi ustanovkami v Kolskom zalive nikto ne sledil" [Orphaned radiation. No one kept an eye on the mortally dangerous units in Kola Bay], *Novyye Izvestiya* online edition, November 18, 2003: <http://www.newizv.ru/news/?n_id=2850&curdate=2003-11-18>. [4] "V Murmanskoy oblasti vedutsya poiski odnoy iz radioaktivnykh chastey razgrablennogo mayaka" [A search for one of the radioactive parts from the burglarized lighthouse is underway in Murmansk Oblast], RIA Novosti, November 17, 2003; in Integrum Techno, <<http://www.integrum.com>>. [5] For more information on previous thefts involving lighthouse RTGS, see "United States to Give Aid to Replace Nuclear Lighthouse Stations in Russia," *NIS Export Control Observer*, No. 6, June 2003, pp. 4-5, <<http://cns.miis.edu/nis-excon>>.

Russian News Agency Reports 1993 Theft and Recovery of Plutonium

On December 30, 2003, RIA Novosti reported that 10 grams of plutonium were stolen in 1993 from a Russian nuclear facility located in Siberia. In an article about the security of Russian nuclear material, the news agency said that in 1993, "the peak year of social and economic destabilization that swept the country after the disintegration of the Soviet Union," an employee of a "depot" in Siberia decided to sell the plutonium "just to get something to live on." The report does not identify the facility involved, and says that the stolen plutonium was recovered soon after its theft. The report also claims: "This theft of weapons-grade materials went down as the ONLY one in Russia's 50-year nuclear history."

Editor's Note: This article appears to be the first report of the 1993 plutonium theft. The assertion that this was the only theft of weapons-grade material in Russia is debatable, as its accuracy depends on how one defines "weapons-grade" and which incidents one regards as involving "Russian" materials. The NIS Illicit Nuclear Trafficking Database maintained by the Center for Nonproliferation Studies records open-source reports of trafficking incidents involving nuclear and radioactive materials in the NIS. A close examination of reports tracked by the database reveals 18 confirmed cases of theft or attempted theft of weapons-useable material from NIS facilities since 1991. Four of these cases involved plutonium. To see details of these and previous years' incidents, see the NIS Trafficking update page: <<http://nti.org/db/nistraff/update.htm>>[2]

Sources: [1] Tatyana Sinityna, "Does the Nuclear Thief Stand a Chance in Russia?" RIA Novosti, December 30, 2003; in Johnson's Russia List, #13 - JRL 8003, <<http://www.cdi.org/russia/johnson/8003-13.cfm>>. [2] William C. Potter and Elena Sokova, "Illicit Nuclear Trafficking in the NIS: What's New? What's True?" *The Nonproliferation Review* (Summer 2002), CNS website, <<http://cns.miis.edu/pubs/npr/vol09/92/92potsok.pdf>>.

Russia Discusses Lease of Floating Nuclear Plant to India

During Indian Prime Minister Atal Bihari Vajpayee's November 11-13, 2003, summit talks with Russian President Vladimir Putin in Moscow, Russian Minister of Atomic Energy Aleksandr Rumyantsev and Indian National Security Advisor Brajesh Mishra discussed the possible lease of Russian floating nuclear reactors to India. Rumyantsev reportedly told Mishra that the restrictions on India in the Guidelines of the

Nuclear Suppliers Group (NSG), of which Russia is a member, would not come into play if the plant were towed to India and operated by Russian personnel, so that Russia would, in effect simply be selling electricity to India.[1] The NSG Guidelines prohibit the transfers of nuclear equipment or materials to states like India which have not accepted International Atomic Energy Agency inspections, or “safeguards,” on all of their nuclear activities. India has refused to place much of its nuclear activities under IAEA inspection, including facilities and materials used in its nuclear weapons program.

Russia has promoted floating reactors to a variety of nations, both for heat and electricity production and for desalination. The countries and regions mentioned in the past few months include China,[2] Libya,[3] India,[1] South Korea,[4] Malaysia,[5] Indonesia, Thailand, Persian Gulf nations, and states in northern Africa.[6] An additional aspect of these facilities likely to receive international comment is that they are to be fueled with highly enriched uranium, that is uranium in which the concentration of the U-235 isotope is more than 20%. HEU is one of the two materials (along with plutonium) that can be used as the core for a nuclear weapon. Most nuclear power plants around the globe are fueled with low-enriched uranium (usually 3-5% enriched in U-235) or with natural uranium. Because of concern that HEU might be seized by terrorists or otherwise contribute to proliferation, Russia is currently participating in a number of international programs to reduce the use of HEU as a fuel in Soviet-designed research reactors and to consolidate and eliminate existing stocks of HEU in Russia’s possession. The use of HEU in floating reactors would run counter to these initiatives. Moreover, proliferation concerns might be heightened in the case of floating reactors because they may be more vulnerable to attack than land-based units.

Despite Russia’s recent push to promote the plants abroad, officials in the government-owned nuclear energy corporation Rosenergoatom have stated on many occasions that they do not expect any countries to sign contracts for the import of a plant any time soon: first, Russia must show potential foreign customers that a floating plant is operating successfully in Russia.[7] According to a statement Rumyantsev made in Japan in mid-December 2003, \$70 million has already been spent on design work and preliminary feasibility studies, and now money needs to be found to complete the first such project.[8] Construction of the first plant is scheduled to begin later in 2004 at Sevmash Shipyard in Severodvinsk, Arkhangelsk Oblast, in Russia’s far north.

Editor’s Note: From 1991 to 1994, Malaya Energetika, a publicly traded company created under the auspices of the Russian Ministry of Atomic Energy (Minatom), conducted a competition to determine the best design for a small capacity nuclear power plant. The floating nuclear power plant design that won called for the use of two KLT-40C pressurized water reactors, the type used in Russian Arktika- and Taymyr-class nuclear icebreakers. These reactors run on HEU, reportedly enriched well above 20%.[9] It has taken a decade to complete the technical work and feasibility studies necessary to finally bring this project to fruition. Though originally there were two variants for the floating plant, one where spent fuel and waste would be stored on board and one where they would be off-loaded, only the former variant will be produced. The reactors, along with containers for spent nuclear fuel assemblies and radioactive waste, equipment for reloading the reactors, other equipment and crew accommodations will be mounted on a barge.[6] When used for desalination, an additional floating desalination facility of Canadian design will be attached to the floating nuclear plant. According to official estimates, the reactors can run for three years on one load of nuclear fuel. Construction will take an estimated four years, expenditures are to be recouped in eight years, and the floating plant’s total service life is to be a minimum of 36 years.[10]

The floating plants will be built in major production facilities, and towed to their remote destinations, where they will be at permanent anchor near the shore. The plants will already be completed, and loaded with nuclear fuel, before they are towed. When plants need an overhaul, they will be towed back to the construction facilities. No spent fuel will be turned over to a host country, but will instead remain onboard until overhaul. Refueling can occur during overhaul or onsite. This implies that there may be fresh fuel stored onboard. The plants will similarly be towed to a dismantlement facility at the end of their service lives.[11]

Floating nuclear power plant schematic[12]



Legend:

- 1) accommodations
- 2) auxiliary installations
- 3) reactor section: the reactor (in red) is directly above the radioactive waste compartment; the refueling room is located above the reactor
- 4) turbine room
- 5) transformer room
- 6) spent fuel storage

Sources: [1] Ramtanu Maitra, "Russia Floats Novel Nuclear Idea for India," *Asia Times* online edition, December 3, 2003, <<http://www.atimes.com>>. [2] "Zhongguo jiang hezuo jianshi fudong dedian zhan" [China and Russia to cooperate in the construction of a floating nuclear power plant], *Zhongguo xinwen wang*, August 4, 2003, <<http://www.chinanews.com.cn>>. [3] "Rossiya gotova razvivat sotrudnichestvo s Liviyey v mirnom ispolzovanii atomnoy energii, zavavlyayut v Minatome RF" [Russia prepared to develop cooperation with Libya in the peaceful use of nuclear power, Minatom declares], *ITAR-TASS*, December 23, 2003; in *Integrum Techno*, <<http://www.integrum.com>>. [4] Irina Rybalchenko, interview of Russian Deputy Minister of Atomic Energy Vladimir Asmolov, *Kommersant*, January 30, 2004; in *Integrum Techno*, <<http://www.integrum.com>>. [5] Alena Kornysheva interview of Aleksandr Rummyantsev, *Kommersant*, November 21, 2003; in *Integrum Techno*, <<http://www.integrum.com>>. [6] Irina Rybalchenko, "Mirnyy atom gotov stat ostrovom" [The peaceful atom is ready to become an island], *Kommersant*, January 30, 2004; in *Integrum Techno*, <<http://www.integrum.com>>. [7] For instance, see Rosenergoatom Deputy Director Aleksandr Polushkin's statements in Polina Siluyanova, "Rossiya splavit v Indiyu 'mirnyy atom'" [Russia will float the peaceful atom to India], *Gazeta*, November 13, 2003; in *Integrum Techno*, <<http://www.integrum.com>>. [8] Praym-TASS, in "Pervaya plavuchaya atomnaya elektrostantsiya mozhet byt postroyena v Rossii cherez 3-5 let" [The first floating nuclear power station may be built in Russia in 3-5 years], *ATK-Media Information Agency (Arkhangelsk)*, December 17, 2003; in *Integrum Techno*, <<http://www.integrum.com>>. [9] CNS interview with an OKBM scientist (name withheld by request), October 2001. [10] Sergey Leskov, "Atomnyye reaktory nakanune dalnykh stranstviy" [Nuclear reactors on the eve of trips afar], *Izvestiya*, November 29, 2003; in *Integrum Techno*, <<http://www.integrum.com>>. [11] For technical details on the floating reactor project, see E.I. Ignatenko, D.M. Klykov, V.K. Kovalenko, F.M. Mitenkov, and A.K. Polushkin, "A Buoyant New Market? Floating Nuclear Plants For Remote Regions," *Nuclear Engineering International*, May 1997, pp. 28-31. [12] *Malaya Energetika* website, <<http://www.energetica.ru>>.

International Developments

HEU Removed From Bulgaria under Tripartite Initiative

On December 23, 2003, 16.9 kg of Soviet-origin highly enriched uranium (HEU) were returned from Bulgaria to the Russian Federation under the auspices of the Tripartite Initiative funded by the United States under the U.S. Department of Energy (DOE) Russian Research Reactor Fuel Return Initiative.[1,2,3] The fresh nuclear fuel had been supplied by the Soviet Union in the early 1960s for a two-megawatt research reactor in Sofia, which was shut down in 1989. The 28 "IRT-2M" type nuclear fuel assemblies with uranium-235 enriched to 36% were loaded into four fresh fuel transportation canisters provided by the Russian Federation and airlifted by a Russian AN-12 cargo plane from Gorna Oryahovista airport in Bulgaria to Dimitrovgrad in Russia, where they will be re-fabricated into low-enriched uranium fuel at the All-Russian Scientific Research Institute of Atomic Reactors, or SRIAR. IAEA safeguards inspectors and DOE technical experts monitored and verified the packaging of the fuel in the canisters. Uranium-235 enriched to 36% is potentially usable as the core of a nuclear weapon, although such devices usually employ uranium enriched to considerably higher levels.[1,2,3]

According to Linton Brooks, U.S. Undersecretary of Energy for Nuclear Security and U.S. National Nuclear Security Administration (NNSA) administrator, “along with the decision to return fresh HEU to Russia, the Bulgarian government also has made a decision to reconstruct the existing research reactor in Sofia to use low-enriched uranium fuel.” Bulgarian authorities plan to use the reconstructed low-power, low-enriched fuel research reactor for education and training purposes.[1,3]

Editor’s Note: The Tripartite Initiative is a cooperative U.S.-Russia-International Atomic Energy Agency (IAEA) program that facilitates the return of Soviet-origin fresh and spent nuclear fuel from Soviet-designed research reactors abroad.[4]

Sources: [1] “U.S. Nonproliferation Efforts Continue as Nuclear Material is Removed from Bulgaria. Fresh HEU Nuclear Fuel Repatriated to the Russian Federation,” U.S. Department of Energy press release No. R-03-292, December 24, 2003, U.S. Department of Energy website, <http://www.energy.gov/engine/content.do?PUBLIC_ID=14704&BT_CODE=PR_HIGHLIGHTS&TT_CODE=PRESSRELEASE>. [2] “V NIIAR (Dimitrovgrad) dostavleno 17 kilogram vysokooobogashchennogo uranovogo topliva iz Bolgarii” [17 kg of highly enriched uranium fuel from Bulgaria is taken to SRIAR (Dimitrovgrad)], Nuclear.ru, December 25, 2003, <<http://www.nuclear.ru/news/full.html?id=2134>>. [3] “Removal of High-Enriched Uranium. IAEA, USA, Russia Assist Bulgaria in Removal of HEU Fuel,” IAEA staff report, December 24, 2003, IAEA website, <<http://www.iaea.org/NewsCenter/News/2003/bulgaria20031224.html>>. [4] On the Tripartite Initiative and the successful repatriation of 14 kg of Soviet-origin HEU from Pitesti Institute of Nuclear Research in Romania to Novosibirsk, Russian Federation in September 2003, see: “United States, Russia, IAEA Secure Romanian Nuclear Materials, Plan to Secure More,” *NIS Export Control Observer*, No. 11, November 2003, pp. 6-7, <<http://cns.miis.edu/nis-excon>>.

China White Paper Reflects Evolving PRC Views on Nonproliferation: Bodes Well for Future Progress

by Kathleen Walsh, Senior Associate, Stimson Center

In December 2003, the People’s Republic of China (PRC) issued its latest security-related White Paper on China’s Non-Proliferation Policy and Measures.[1] Reminiscent of a similar document issued nearly a decade ago to highlight China’s new perspective on and commitment to arms control and disarmament, the latest document signals another evolution in China’s more positive approach toward nonproliferation.[2] Specifically, the White Paper focuses on China’s recent efforts to implement a more effective and comprehensive national export control system. If history is any indication, the international community can expect the PRC to adopt a more pro-active, cooperative approach to nonproliferation and export control matters in the years to come, as occurred in the arms control arena following the publication of China’s earlier nonproliferation White Paper.

In 1995, China’s State Council issued a White Paper on Chinese Arms Control and Disarmament, which laid out for foreign observers Beijing’s new consensus approach to arms control. The 2003 White Paper serves a similar purpose in highlighting the PRC’s new outlook on export controls. In both cases, the White Papers reflect an important change in thinking among China’s policymaking elite as well as a new commitment by China’s leadership to enhancing international cooperation. In addition to the 1995 White Paper, China’s State Council has issued periodic Defense White Papers as well as special-interest papers on security issues such as Taiwan and Chinese space policy. The former deal primarily with China’s national security concerns and reforms to China’s military and defense industrial sectors but also include sections on arms control and nonproliferation. Export controls, though mentioned in most of these documents under a section on arms control and nonproliferation, have not featured prominently in any of them.

Much of the current document’s introductory section echoes language found in China’s previously issued Security and Defense White Papers. It makes clear China’s stated commitment to nonproliferation and repeats the need for a “fair, rational and non-discriminatory nonproliferation regime” to enhance regional and global security. Similarly, the document lists the numerous treaties, organizations, laws, and regulations the PRC has committed to since the mid-1980s, and particularly over the last decade, in support of these goals (while glossing over the fact that the PRC remains one of the world’s major potential suppliers of WMD-related technology but has yet to join any multilateral export control regime— although it has recently applied to join the Nuclear Suppliers Group and is in discussions about joining the Missile Technology Control Regime). Notably absent from the export control White Paper, however, is the defensive and, at times, hostile tone that runs through some earlier White Papers in their criticism of the

United States and the international control regimes. Instead, the 2003 document emphasizes the “positive role” the international community and multilateral institutions have played in thwarting global proliferation. Overall, the message is clear: the PRC policy is becoming more closely aligned with Western nonproliferation norms and values. This is also increasingly true in practice, as outlined in the paper’s detailed description of China’s recent export control reforms.

Another new theme underlying China’s latest White Paper is acknowledgement of the common challenges posed by two global forces: terrorism and globalization. The paper recognizes that greater harmonization and cooperation are needed to address these growing trends and to maintain effective proliferation controls. Both trends also factor into China’s own domestic export control reforms. The paper notes candidly the difficulties China faces from growing global interdependence as well as the shift in the PRC’s economy from a planned to a more market-oriented system, both of which have adversely impacted Beijing’s ability to control sensitive exports. The document recognizes that to effectively counter proliferation—whether illicit or inadvertent on the part of Chinese enterprises—the PRC must make substantial changes to its export control system.

Accordingly, the bulk of the 2003 White Paper is devoted to describing China’s ongoing efforts to improve its internal export control mechanisms. While much of the text consists of laudatory rhetoric outlining recent regulatory reforms instituted by central government authorities, the paper also suggests in several instances that Beijing’s reform measures have either not gone far enough or have encountered difficulties in implementation. This is both refreshing and encouraging. For while China’s updated export control measures in many ways today mirror international practice and compare favorably to controls adopted by most other Asian states, the PRC still has a way to go to improve its implementation of nonproliferation measures, particularly in the area of law enforcement.[3] That a policy paper such as this reflects as much bodes well for the continuation (and success) of these efforts.

Yet, while the document is usefully transparent in providing information beyond China’s nonproliferation principles and in sketching, formally for the first time, the broad outlines of China’s revised export control system (including information on key ministerial roles and responsibilities), it nonetheless lacks sufficient detail to clearly illustrate the working-level interconnections that exist today between the various ministries, bureaus, and departments engaged in China’s updated export control system. The devil, as always, is in the details, which are essential to understanding and assessing how well any export control system functions. Although China’s export control system remains a work in progress, making more detailed information available on China’s updated internal review processes and licensing procedures will aid outside analysts in evaluating the strengths and weaknesses of China’s overall system and make more fruitful the international exchanges and cooperation called for in the paper’s concluding remarks.

As China’s 2003 White Paper proudly proclaims, the PRC has indeed come a long way in its efforts to put in place more comprehensive, transparent, and effective export control policies, regulations, and processes. For this, China is to be applauded. Still, as the document concedes, more work remains to be done, both domestically and internationally. The PRC remains a proliferation concern as a supplier of sensitive and WMD-related technologies, as stated yet again in the latest U.S. intelligence assessment and indicated in recent news reports tracing the origins of Pakistani and Libyan nuclear know-how.[4] At the same time, China’s 2003 White Paper makes clear the new seriousness with which Beijing views nonproliferation and export controls as well as PRC policymakers’ willingness to learn from past lessons.[5] Moreover, it was no coincidence that the December release of the White Paper corresponded with Chinese Premier Wen Jiabao’s visit to Washington, DC. The cooperative tone set by this document invites greater interaction on how to enhance international nonproliferation efforts and to improve export controls. Based on progress made since the publication of China’s last proliferation-related White Paper, it is an invitation the United States and the world community would be wise to take up more fully. In fact, the recent signing of a Statement of Intent (SOI) by the United States and the PRC to expand cooperation on nuclear nonproliferation—including on the issue of export controls—indicates that a more cooperative relationship may already be in the making.[6]

Sources: [1] “China’s Non-Proliferation Policy and Measures,” Information Office of the State Council of the People’s Republic of China, December 3, 2003, <<http://www.china.org.cn/e-white/20021209/index.htm>>. [2] “Chinese Arms Control and Disarmament,” Information Office of the State Council of the People’s Republic of China, November 1995, <<http://www.china.org.cn/e->

white/army/index.htm>. [3] For example, the paper discusses enforcement actions in cases called to export control authorities' attention, but there is no mention of an investigative function. China's adoption of catch-all controls and other measures recently put in place to address dual-use technologies puts the PRC ahead of a number of other Asian states. For a recent evaluation of Asian export controls, see Scott A. Jones, "Current and Future Challenges for Asian Nonproliferation Export Controls," *East Asian Review*, Vol. 15, No. 2 (Summer 2003), pp. 3-26. See also "China Issues Missile, Chemical and Biological Export Control Laws," *NIS Export Control Observer*, No. 2, February 2003, pp. 14-15; Kathleen Walsh, "China's Export Controls: New Signs of Progress?" *NIS Export Control Observer*, No. 6, June 2003, pp. 17-18. [4] The Central Intelligence Agency's most recent assessment of China's proliferation behavior notes: "Over the past several years, Beijing improved its nonproliferation posture through commitments to multilateral arms control regimes, promulgation of export controls, and strengthened oversight mechanisms, but the proliferation behavior of Chinese companies remains of great concern." See Central Intelligence Agency, "Attachment A: Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, 1 January Through 30 June 2003" (November 2003), available online at <http://www.cia.gov/cia/reports/721_reports/jan_jun2003.htm#17>; and Joby Warrick and Peter Slevin, "Libyan Arms Designs Traced Back to China: Pakistanis Resold Chinese-Provided Plans," *Washington Post*, February 15, 2004, p. A1. [5] China's seeming new commitment to nonproliferation also was noted recently by Under Secretary for Arms Control and International Security John Bolton in Beijing who, in describing talks with Chinese leaders in Beijing, stated that, "We are engaged in a continuous dialogue with China about what I think is a commitment at the top levels of the Chinese government to prevent the spread of weapons of mass destruction." Edward Cody, "US Says China Cooperating on Nukes: Assessment Seems Designed to Ease Fears of China-Pakistan Nuclear Link," *Washington Post*, February 16, 2004, available online at <<http://www.washingtonpost.com/wp-dyn/articles/A45660-2004Feb16.html>>. [6] According to a U.S. Department of Energy (DOE) press release, the SOI between DOE and the China Atomic Energy Authority "establishes a process for cooperation with each other and for collaborating with the International Atomic Energy Agency (IAEA) on a range of nuclear nonproliferation and security activities. These activities include efforts to strengthen export controls, international nuclear safeguards, physical protection of nuclear materials and facilities, nuclear emergency management, and radioactive source security by setting up information exchanges and training programs." See U.S. Department of Energy, "Secretary Abraham and Chairman of China Energy Authority Agree to Increase Cooperation in Non-proliferation and Security" (January 12, 2004).

United States and India Agree to Expand Strategic Cooperation in Nuclear Security, Space Exploration, and High-Tech Commerce

In separate but identical statements issued by U.S. President George W. Bush and Indian Prime Minister Atal Behari Vajpayee on January 12, 2004, and January 13, 2004, respectively, the leaders of the two countries reiterated the steps that will be undertaken in the near future to develop further the strategic partnership between the United States and India, which was first conceived in November 2001 during Vajpayee's official visit to the United States.[1,2,3] In his statement made on the sidelines of the January 12-13, 2004 Special Summit of the Americas in Monterrey, Mexico, Bush unveiled details of the bilateral agreement, which calls for expanded cooperation in three specific areas: civilian nuclear activities, civilian space programs, and high technology trade. In addition, the United States agreed to expand dialogue with India on missile defense.[1,2]

According to the *Indian Express*, the U.S. commitments to civilian nuclear activities will entail providing safety assistance to India's nuclear facilities and promoting cooperation with India's Atomic Energy Regulatory Board (AERB) on nuclear regulatory issues.[4] In the area of civilian space programs, bilateral cooperation will likely be limited to the joint production of satellites.[4] With regard to the facilitation of high technology trade, the United States will gradually relax its controls on high technology transfers to India by lifting its unilateral licensing requirements in exchange for India's strengthening and tightening of its export control regime.[4,5]

An important feature of the bilateral commitment to developing a strategic partnership between the two countries is the principle of reciprocity of actions, which will be the main benchmark that will determine the progress of cooperation as the United States and India "proceed through a series of reciprocal steps that will build on each other." [1,2] To underscore this point, at a January 16, 2004, press briefing in New Delhi, U.S. Representative Mark Kirk (R-IL), who serves on three House Appropriations Committee subcommittees (Foreign Operations, Commerce/Justice/State, and Legislative Branch)[6], stated, "The U.S. is very keen to make India a strategic partner, much like Israel. But there is a specific step that India must take which is to come up with a formal export control regime." [7] He added that the creation of a comprehensive export control system compatible with Western standards would not be politically difficult for India.[7] Given the fact that some of the high technology items have potential dual-use application, U.S. insistence on proposed conditionality is understandable from a nonproliferation perspective.

The announcement of the agreement was hailed by the Indian business community. Tarun Das, director general of the Confederation of Indian Industry, noted that the agreement would have "a positive impact on

a wide range of Indian business sectors, from space to manufacturing to information technology.” He also added that the tangible changes would probably begin to materialize within a year.[5] Regarding the consequences of the U.S.-India agreement for U.S. businesses, the *Moscow Times* cites the commentary by Bloomberg News, which suggests that military contractors, such as Lockheed Martin Corporation and Raytheon, as well as nuclear equipment suppliers, such as General Electric Company and Honeywell International Inc., might benefit from U.S.-Indian cooperation.[8]

Editor’s Notes: There are 14 nuclear power reactors in India, including three that are more than 30 years old. The nuclear energy sector generates only about three percent of electricity in India.[7]

If U.S.-Indian cooperation were to extend to the area of missile defense, any such transactions would face difficult hurdles. Israel and India have had discussions about the possible sale of the Arrow missile defense system to India. However, because Washington has been providing funding and technology to Israel in order to facilitate the development of the Arrow system, the United States has a veto power over any sale of this system to third parties, including India. Since the Arrow interceptor is a Category I missile under the Missile Technology Control Regime (MTCR), its transfer would be subject to a strong presumption of denial. Thus far, the United States has resisted pressure to approve such a sale, and India appears to have abandoned plans to pursue acquiring the Arrow system. Alternatively, the United States could approve the sale of the U.S. Army’s Patriot missile defense system to India. Because the Patriot is not a Category I interceptor, its sale would not be subject to the MTCR restrictions, but there are other barriers standing in the way. U.S. Department of Defense technology committees would have to approve the transfer of sensitive, non-interceptor technologies, such as targeting algorithms, sensors, and command and control procedures.[9]

Sources: [1] “Statement by the President on India. Next Steps in Strategic Partnership with India,” White House, Office of the Press Secretary, January 12, 2004, <<http://www.whitehouse.gov/news/releases/2004/01/20040112-1.html>>. [2] “Text of Vajpayee’s statement,” *The Times of India* online edition, January 13, 2004, <<http://timesofindia.indiatimes.com/>>. [3] “President Meets with Prime Minister of India. Remarks by the President and Prime Minister Vajpayee of India,” White House, Office of the Press Secretary, November 9, 2001, <<http://www.whitehouse.gov/news/releases/2001/11/20011109-2.html>>. [4] Jyoti Malhotra, “Underlining ties, Bush signs pact on hi-tech trade,” *The Indian Express* online edition, January 14, 2004, <http://www.indianexpress.com/full_story.php?content_id=39160>. [5] Edward Luce, “India hails new ‘partnership’ with the US: Agreement paves the way for export of sensitive nuclear and space technology,” *The Financial Times*, January 14, 2004, p.1; in Lexis-Nexis Academic Universe Database, <<http://www.lexis-nexis.com>>. [6] The website of Congressman Mark Kirk, <<http://www.house.gov/kirk/>>. [7] “US lawmaker asks India to sign formal export control regime,” Agence France Presse, January 16, 2004; in Lexis-Nexis Academic Universe Database, <<http://www.lexis-nexis.com>>. [8] “U.S. to Boost India Military, Nuclear Defense Contracts,” *Moscow Times* online edition, January 14, 2004, <<http://www.themoscowtimes.com>>. [9] For more information on controversy surrounding the Arrow missile defense system, see: “Missile Nonproliferation Developments in 2003,” *NIS Export Control Observer*, No.12/No.1, December 2003/January 2004, pp. 11-14, <<http://cns.miis.edu/nis-excon>>.

Russia, United States, and Others to Provide Security for Olympic Games in Athens

The United States will install radiation detectors at seven sites across Greece to secure the 2004 Summer Olympic Games in Athens from potential terrorist attacks involving a “dirty bomb,” or a radiological dispersal device. The agreement was reached during January 15-16, 2004 talks that Giorgos Floridis, public order minister of Greece, Pavlos Apostolides, chief of the Hellenic National Intelligence Service, and Lieutenant General Fotios Nasiakos, Greek police chief, had in Washington, DC with U.S. Attorney General John Ashcroft, National Security Adviser Condoleezza Rice, FBI Director Robert Mueller, and CIA Director George Tenet.[1,2]

Linton Brooks, U.S. undersecretary of Energy for Nuclear Security and U.S. National Nuclear Security Administration (NNSA) administrator, said that the NNSA and the Greek government will install stationary radiation detectors at seven major border crossings—one port, two airports, and four land crossings—in an attempt to detect trafficked nuclear and radioactive materials.[2] According to Brooks, the detectors are similar to those used in the U.S. Department of Energy Second Line of Defense program,[3] designed to help the law enforcement agencies of Russia and other countries detect dangerous materials at border and customs checkpoints.[1,2,4] The United States will also provide portable detectors to be used at other locations. This initiative followed a request made by Greece to the International Atomic Energy Agency (IAEA) for help in preventing terrorist attacks during the Olympic Games. The IAEA, in turn, requested U.S. assistance. It is expected that the NNSA will spend \$12 million to secure Greek borders and contribute

\$500,000 to the IAEA for equipment to use at Olympic venues. The NNSA is currently training Greek security personnel to use and maintain the detectors, and is securing several sealed radiological sources in Greece. The NNSA also plans to provide technical assistance on emergency response to Greece.[2,3]

In addition to U.S. government efforts, U.S. private industry will be involved in securing the Olympics. According to Greek's Minister of Public Order Floridis, San Diego-based Science Applications International Corporation has received a \$320 million contract to install communications and surveillance systems, including facial-recognition and other sophisticated surveillance technology, in Athens.[2]

The November 2003 suicide bombings in Istanbul, Turkey, create new security concerns for the Athens Olympics, in which a record 201 countries will take part, attracting 2 million spectators.[1] Greece plans to spend more than \$750 million for security measures—more than any other previous host country. In addition to 40,000 security personnel and police, the Greek government will deploy an extra 10,000 troops to protect the event—three times the number at the 2000 summer Olympics in Sydney, and erect double-layer concrete barriers equipped with cameras and x-ray machines around the Olympic Village.[1,5] The unprecedented security measures will be put to the test during several pre-Olympic exercises funded in part by a seven-nation coalition—the Olympic Security Advisory Group (OSAG) composed of Australia, France, Germany, Israel, Spain, the United Kingdom, and the United States. On February 6-8, 2004, the first such exercise took place 25 miles along Athens' southern coastline, from the Athens main port of Piraeus to the seaside suburb of Anavissos. From 1,100 to 2,000 police, coast guard, fire department, intelligence, civil defense, and ambulance officers and experts from the Hellenic Center for Infectious Diseases Control took part in the drill based on a theoretical terrorist attack involving a hostage crisis at sea and the use of chemical, biological or nuclear weapons. More than 100 OSAG representatives joined by Russian officials observed the exercise.[6,7] The next exercise to last 20 days is scheduled for mid-March 2004 and will reportedly involve U.S. troops and OSAG experts.[8] The exercises will help identify possible loopholes in security preparations. The whole operation is codenamed *Blue Odyssey*. [1,2]

OSAG participants are also providing Greece with security information and intelligence.[1] To date, France, Israel, Spain, the United Kingdom, and the United States have trained Greek police and military units on response measures to explosives and other skills necessary to protect the Olympic Village and Olympic venues in Greece. According to Floridis, Israel in particular has worked closely with Greek authorities on combating the threat of suicide bombers.[2] NATO is expected to provide air cover during the Games.[5]

On February 1-3, 2004, Giorgos Floridis accompanied by Pavlos Apostolides, Fotios Nasiakos, and Athens 2004 Olympic Games Security Department Director Vassilis Constantinidis visited Moscow to hold talks on the security of the Olympic Games with Russian Security Council Secretary Vladimir Rushaylo, Director of the Federal Security Service Nikolay Patrushev, Minister of Emergency Situations Sergey Shoygu, Acting Minister of Interior Rashid Nurgaliyev, and Chairman of the Olympic Committee Leonid Tyagachev.[9,10,11,12] Earlier, the Russian media reported that at a December 3, 2003 meeting of the Greek government on security issues, Greek government officials announced that Russia joined the OSAG as the eighth member.[13] However, Russian OSAG membership remains unofficial, and, thus, the visit of the Greek officials served the purpose of assuring Russia that Greece considers it a valuable partner in ensuring security at the Olympic Games, as well as in other wider international security issues.[14] The first step in this direction was the invitation of Russian officials to the February exercise.

Russia assured Greece that until the end of the Olympics, Russia's Counterintelligence Service would share information related to the event with its Greek counterparts.[14] The Russian side promised to provide all necessary intelligence information to help prevent possible suicide terrorist attacks.[11,12] The Russians also expressed their willingness to provide experienced hostage negotiators as well as any special equipment and offered to send to Greece mobile laboratories designed to detect nuclear, chemical, and biological substances.[14] To ensure continuous communication, the decision was made to appoint a special liaison in the Russian embassy in Athens.[14] The two sides also agreed to negotiate the possible stay of a Russian security squad in Greece during the Games.[11]

Sources: [1] Helena Smith, "Greece beefs up its border security amid fears of dirty bomb," *The Guardian* online edition, January 16, 2004, <<http://www.guardian.co.uk/international/story/0,3604,1124146,00.html>>. [2] Thom J. Rose, "U.S. plays role in Athens

Olympic security," *The Washington Times* online edition, January 22, 2004, <<http://washingtontimes.com/upi-breaking/20040122-015143-9306r.htm>>. [3] For more information on the Second Line of Defense program, see: "United States Export Control Initiatives," *NIS Export Control Observer*, No. 7, July 2003, pp. 6-8, <<http://cns.miis.edu/nis-excon>>. On the program activities in Russia, see: "Radiation Monitoring Equipment Installed in Arkhangelsk Seaport with U.S. Assistance," *NIS Export Control Observer*, No. 11, November 2003, p. 9, <<http://cns.miis.edu/nis-excon>>. [4] Joe Fiorill, "U.S. Helps Greece Defend Against Olympic "Dirty Bomb" Attack," Global Security Newswire, January 14, 2004, NTI website, <http://www.nti.org/d_newswire/issues/2004_1_14.html#41C3E42B>. [5] "Greece Says Comprehensive Security Measures Planned for Olympics," *Southeast European Times* online edition, <<http://www.balkantimes.com/html2/english/040120-SVETLA-002.htm>>. [6] "Major Pre-Games WMD Drill Starts in Athens," Reuters, February 6, 2004, <<http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=4300731>>. [7] Richard Galpin, "Athens ends Olympic security test," BBC News, February 9, 2004, <<http://news.bbc.co.uk/2/hi/europe/3474529.stm>>. [8] Karolos Grohmann, "U.S. Troops to Test Athens Olympics Preparations," Reuters, February 10, 2004, <<http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=4326999>>. [9] Vitaliy Kuchkin, "Ministr obshchestvennogo poriyadka Gretsii pribudet 1 fevralya v Moskvu, chtoby obsudit obespecheniye bezopasnosti Olimpiady 2004 goda" [Minister of public order of Greece will arrive at Moscow on February 1 to discuss security measures for the 2004 Olympic Games], ITAR-TASS, January 27, 2004; in Integrum Techno, <<http://www.integrum.com>>. [10] Aleksandra Urusova, "Ministr obshchestvennogo poriyadka Gretsii obsuzhdayet v Moskvu voprosy obespecheniya bezopasnosti Olimpiady-2004" [Minister of public order of Greece discusses in Moscow issues related to ensuring security at the 2004 Olympic Games], ITAR-TASS, February 2, 2004; in Integrum Techno, <<http://www.integrum.com>>. [11] C. Tomaras, "Greece, Russia discuss Athens 2004 Olympic Games security," Athens News Agency, February 03, 2004; in the Embassy of Greece in the United States website, <<http://www.greekembassy.org/Embassy/content/en/Article.aspx?office=3&folder=501&article=12960>>. [12] C. Tomaras, "Public order minister ends visit to Russia," Athens News Agency, February 04, 2004; in the Embassy of Greece in the United States website, <<http://www.greekembassy.org/Embassy/content/en/Article.aspx?office=3&folder=501&article=12966>>. [13] Sergey Latyshev, "Rossiya voshla v gruppu konsultantov khozyayki Olimpiady-2004 Gretsii po voprosam bezopasnosti" [Russia joins the advisory group on security issues for the 2004 Olympic Games host – Greece], ITAR-TASS, December 4, 2003; in Integrum Techno, <<http://www.integrum.com>>. [14] Dhora Andoniou, "Russia's Contribution to Olympic Security," *I Kathimerini tis Kiriakis* (Greece), February 08, 2004; in "Greek Public Order Minister in Moscow Discusses Russian Involvement in Olympics," FBIS Document GMP20040209000288.

Two Arrested in Japan for Illegal Export to North Korea

On January 13, 2004, the police in Kanagawa Prefecture, Japan, arrested Yoshifumi Yoshihara and Lee Yong Sun for attempting to export illegally to North Korea an inverter that could reportedly be used for a nuclear weapons program.[1,2] According to the police investigators, after proper reprogramming, the inverter, which weighs 1.5 kg, can be used to stabilize the electrical frequency of a gas centrifuge separator.[2,3,4,5] Gas centrifuges can enrich uranium to produce either low-enriched uranium for nuclear reactor fuel or highly enriched uranium for nuclear weapons. Under the Foreign Exchange and Foreign Trade Control Law, all Japanese exporters of such products to North Korea and other specially designated nations must obtain official approval from the Ministry of Economy, Trade, and Industry.[2,5] Yoshihara, the 44-year-old president of ID Support, a trading company based in Mitsuke, Niigata Prefecture, and Lee, a 52-year-old unemployed North Korean woman residing in Hamamatsu, Shizuoka Prefecture, first attempted to export an inverter for an industrial washing machine to North Korea from Yokohama on August 4, 2003.[1,2,6] However, at the time, Yokohama customs officials rejected the export application because an export certificate from the Ministry of Economy, Trade, and Industry was not among the documents accompanying the shipment.[4] In November 2003, the couple managed to forge the consignment documents and shipped the inverter to China where they expected it would be sent to North Korea without the Japanese government's approval.[2,4] The shipment failed to reach its destination, however, because in December 2003, the trading company in Beijing returned it to Japan, where it was subsequently seized by customs officials and police authorities.[4]

It appears that the police became interested in Yoshihara's activities after they received tips from Japanese customs officials regarding the export application rejection that took place in August 2003.[4] The investigation led to police raids of the company's office and Yoshihara's residence, which revealed that ID Support had been exporting medical equipment, cars, and consumer goods to North Korea since 2000.[4,6] Furthermore, the analysis of seized documents indicated that Yoshihara's company often used the North Korean ship *Man Gyong Bong-92*, which had been under investigation by the Public Security Division of the Tokyo Metropolitan Police Department in connection with the Tokyo-based trading company Meishin's illegal attempt to export three power supply control devices (transformers) in April 2003.[6,7] The investigators also discovered that Yoshihara and Lee traveled to China, Russia, and Southeast Asia on the same dates several times a year starting from 2000.[6] Furthermore, confiscated company records show that an unnamed Pyongyang-based North Korean company placed the order for the inverter with Yoshihara's

company in May 2003, and in July 2003, Yoshihara contacted the Japanese inverter manufacturer to acquire the product.[6] Yoshihara denied that he knew the inverter could be used for military purposes even though the police officers determined that the computer information of the seized inverter had been reprogrammed.[3,4] As of mid-January 2004, both Yoshihara and Lee were being questioned about their knowledge of the details related to the inverter deal and their relations with North Korea in general.[4,6]

Sources: [1] "Japanese trader arrested for illegal export to North Korea," Agence France Presse, January 13, 2004; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [2] "Two held over sensitive export to North Korea," *The Japan Times* online edition, January 14, 2004, <<http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20040114a6.htm>>. [3] "Japanese Trader Arrested for Illegal Export to N. Korea," Jiji Press Ticker Service, January 13, 2004; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [4] "2 busted over illegal 'military' export to North Korea," *Mainichi Daily News*, January 13, 2004; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [5] "2 arrested for alleged illegal export to N. Korea," Japan Economic Newswire, January 13, 2004; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [6] "2 probed over N. Korean ship," *The Daily Yomiuri*, January 15, 2004, p. 2; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>. [7] "Japanese Firm Attempts to Export Banned Goods to North Korea," *NIS Export Control Observer*, No. 7, July 2003, pp. 19-20, <<http://cns.miis.edu/nis-excon>>.

Significant Amount of Plutonium is "Unaccounted for" at the Sellafield Nuclear Reprocessing Plant in Northern England

On December 18, 2003, the United Kingdom Atomic Energy Authority (UKAEA), British Nuclear Fuels Limited (BNFL), and Urenco Capenhurst, Limited, following a practice established in 1977, issued a press release with information about "materials unaccounted for arising from the use of plutonium and uranium in their civil nuclear programmes during 2002/03." [1,2] According to data presented in the press release, 19.1 kg of plutonium could not be accounted for at the nuclear reprocessing plant in Sellafield, Cumbria (Northern England), which is operated by BNFL. [1,2] Interestingly, the press release concluded that these figures "conform to the pattern over previous years and give rise to no concern over either safety or the security of the operation of UKAEA, BNFL, and Urenco plants." [1] BNFL Spokesman Alan Hughes noted that the figures for unaccounted materials were normal for the Sellafield reprocessing plant because of the technical difficulties involved in measuring the material as it undergoes complex changes at the plant and also because more material is put through the Sellafield plant than through others. Hughes ruled out the possibility of theft because security measures make it "virtually impossible." [2]

On the other hand, independent nuclear experts expressed alarm over these findings. British nuclear consultant Dr. Frank Barnaby noted that, "In reprocessing, a small amount of material is bound to be lost in the process, but 19 kg is a very significant amount of plutonium." He added that, "If a terrorist group were to claim it had stolen 5 kg of plutonium from Sellafield, the authorities could not say with any certainty that they had not taken it. It's a very unsatisfactory situation indeed. This amount of material could be made into five or six nuclear weapons." [2] Past audit reports at the Sellafield plant also recorded significant quantities of plutonium unaccounted for, for instance 5.6 kg of plutonium was reported unaccounted for in 2001 and as much as 24.9 kg, in 1999. [2]

Editor's Note: The British nuclear regulatory body, the United Kingdom Atomic Energy Authority (UKAEA), is responsible for regulating the safety and security of operating nuclear facilities in the United Kingdom. For more information on UKAEA's responsibilities and activities, visit the organization's website at <<http://www.ukaea.org.uk/>>. British Nuclear Fuels Limited (BNFL) is an international energy business that employs 23,000 people in 16 countries and provides a wide spectrum of services from nuclear reactor design to decommissioning of nuclear power stations. BNFL boasts of capturing 12% of the global nuclear market. For more details, visit the company's website at <<http://www.bnfl.com/>>. Urenco Capenhurst Limited is the British component of the British-German-Dutch Urenco Group, which is a global supplier of uranium enrichment technology capturing more than 13% of the worldwide demand. For more details, visit Urenco's website at <<http://www.urencocom/>>.

Sources: [1] "Nuclear Materials Balance – 2003," United Kingdom Atomic Energy Authority (UKAEA) press release, Reference No.: 2003/127, December 18, 2003, UKAEA website, <http://www.ukaea.org.uk/press/2003/18_12_03.htm>. [2] Liam McDougall, "Enough plutonium for five bombs 'missing' at Sellafield," *The Sunday Herald* (Scotland), December 28, 2003; in Lexis-Nexis Academic Universe, <<http://www.lexis-nexis.com>>.

U.S. President Calls for Strengthened Nonproliferation Controls

On February 11, 2004, U.S. President George W. Bush announced a series of important new initiatives to strengthen global nuclear nonproliferation efforts. The announcement came in the wake of several

developments highlighting the need for enhanced nonproliferation measures. The most important of these developments were (1) revelations that Iran had secretly built facilities for enriching uranium without placing them under International Atomic Energy Agency (IAEA) monitoring, as required under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT); (2) Libya's declaration that it was abandoning a clandestine nuclear weapons program, which it had pursued for more than a decade and hidden from the IAEA; and (3) the exposure of a clandestine nuclear smuggling network, led by Pakistani nuclear scientist Dr. Abdul Qadeer Khan, which over the past 15 years provided sensitive uranium enrichment technology to Iran, Libya, and North Korea and also provided a proven nuclear weapon design to Libya and possibly to the other two nations.

Declaring that the proliferation of weapons of mass destruction (WMD) poses the most serious danger to the peace of the world, on February 11, 2004, President Bush proposed seven new steps to help combat the development and spread of WMD. The policies, he declared, are intended to “improve and modernize nonproliferation laws to address new and changing threats; restrict the sale and transport of nuclear technologies and equipment; close a loophole in the nuclear nonproliferation regimes that allows states to pursue WMD under the false cloak of legitimacy; and expand efforts to secure and destroy nuclear weapons and materials.”

First, Bush proposed that participants in the Proliferation Security Initiative (PSI) and other willing nations expand their focus and use Interpol and other mechanisms for law enforcement cooperation to take additional actions to pursue proliferators and end their operations. *[Editor's Note: The PSI, announced by President Bush in May 2003, currently focuses on taking practical steps to interdict proliferation shipments of WMD, delivery systems, and related materials at sea, in the air, or on land.][1]*

Second, Bush called for swift passage of a UN Security Council resolution proposed by the United States in September 2003, requiring all states to criminalize proliferation, enact strict export controls, and secure sensitive materials within their borders.

Third, Bush proposed the expansion—in funds, donors, and recipients—of the G8 Global Partnership against the Spread of Weapons and Materials of Mass Destruction. The Partnership, announced at the 2002 Kananaskis Summit, pledged up to \$20 billion in nonproliferation assistance, primarily to the former Soviet Union. Bush proposed that it now also work to reduce and secure dangerous materials elsewhere in the world.

Fourth, noting that the NPT allows states, such as Iran, to develop the capability to produce nuclear weapons material under the cover of peaceful nuclear energy programs by pursuing uranium enrichment and reprocessing capabilities, Bush called for the international community to “create a safe orderly system to fuel civilian nuclear reactors without adding to the danger of nuclear proliferation.” Specifically, Bush proposed that the members of the Nuclear Suppliers Group (NSG) ensure that states that renounce enrichment and reprocessing technologies have reliable access, at reasonable cost, to fuel for civilian reactors. Simultaneously, he called on the 40 NSG member states to refuse to sell uranium enrichment or reprocessing equipment or technology to any state that does not already possess full-scale, functioning enrichment or reprocessing plants.

Bush's three final proposals are aimed at strengthening the IAEA in its work against nuclear proliferation. In this regard, he called on all states to sign the IAEA Additional Protocol, which greatly expands the Agency's tools to detect clandestine nuclear activities. Signing of the Additional Protocol, he stated, should be made a precondition for countries seeking equipment for their civilian nuclear programs by next year. In addition, Bush proposed that the IAEA Board of Governors create a special committee on safeguards and verification, to improve the organization's ability to monitor and enforce compliance with nuclear nonproliferation obligations. Finally, he urged that no state under investigation for proliferation violations be allowed to serve or continue serving on the IAEA Board of Governors or on the new special committee.[2]

Sources: [1] For more information on the PSI, see past issues of the *NIS Export Control Observer*: “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; “Proliferation Security Initiative Enters Rougher Waters,” *NIS Export Control Observer*, No.

8, August 2003, pp. 17-18; and "PSI Group Announces Interdiction Principles, Invites Others to Participate," *NIS Export Control Observer*, October 2003, pp. 17-19, <<http://cns.miis.edu/nis-excon>>. [2] "President Announces New Measures to Counter the Threat of WMD," Remarks by the President on Weapons of Mass Destruction Proliferation, Fort Lesley J. McNair - National Defense University, Washington, DC, February 11, 2004, White House website, <<http://www.whitehouse.gov/news/releases/2004/02/20040211-4.html>>.

Workshops and Conferences

U.S.-Kyrgyz Technical Forum on Control Lists

On December 15-18, 2003, the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce organized a U.S.-Kyrgyz Technical Forum on Control Lists in Washington, DC, in the framework of WMD nonproliferation and export control cooperation.

BIS representatives familiarized their Kyrgyz counterparts with the structure of the European control list, its significance for and function in the international export control system, as well as means for its application by officials involved in export control. Particular attention was given to procedures for appropriate identification of controlled commodities. Representatives from the U.S. Departments of Defense, Energy, and State, as well as from the Institute for Defense Analyses (IDA) and United Technologies Corporation (UTC) made presentations on the role of their agencies and organizations in the development, revision, and application of the U.S. national control list. Kyrgyz delegates made presentations on the current state of the export control system in Kyrgyzstan.

The forum concluded with a round table, at which the U.S. side agreed to provide instructional support to Kyrgyz export control experts in the development of Kyrgyzstan's national control list. As a first step, U.S. officials will organize a technical workshop in Bishkek in February-March 2004. The Kyrgyz side also made a request for U.S. technical and financial assistance to Kyrgyz agencies involved in export control to facilitate the implementation and effective functioning of the country's fledgling export control system.

The Kyrgyz delegation was headed by M. Ismailov, deputy minister of finance and included Zh. Tumenbayeva, deputy minister of external trade and industry; N. Dzholdoshev, head of the department of the prime minister's office; D. Kamelova, deputy head of the International Law Department of the Ministry of Foreign Affairs; and Colonel A. Davletov, head of the Export Control and Licensing Department of the Ministry of Defense and member of the Permanent Interagency Working Group of Export Control Experts.

Editor's Note: The Institute for Defense Analyses is a federally funded research and development center established to assist the Office of the Secretary of Defense, the Joint Staff, the Unified Commands, and Defense Agencies in addressing important national security issues, particularly those requiring scientific and technical expertise. IDA also conducts related research for other government agencies on national problems for which the Institute's skills and experience are especially suited.[1] UTC is a global technology corporation with innovations in aerospace, aviation, helicopter design, climate control, elevator design, and hydrogen fuel cells.[2]

Sources: [1]. Institute for Defense Analyses website, <<http://www.ida.org/IDAnew/Welcome/history.html>>. [2] United Technologies Corporation website, <<http://www.utc.com/profile/index.htm>>.

Regional Seminar on Export Controls Held in Latvia

On January 29-30, 2004, the Latvian Ministry of Foreign Affairs, with the support of the U.S. Department of State Export Control and Related Border Security (EXBS) program, organized a seminar on "The Role of Export Controls in Strengthening Nonproliferation Policy." Seminar participants included representatives from Armenia, Azerbaijan, Belarus, Denmark, Finland, Moldova, Sweden, Ukraine, and the United States.

During the seminar, representatives of participating countries presented the latest changes in the export control legislation of their respective countries, including changes in norms and procedures for licensing the transit of nuclear materials. Seminar participants also discussed such issues as nonproliferation and

export controls, the role of legislation in export controls, existing licensing systems, decision-making practices in export controls, and export controls and regional cooperation.

During breakout sessions, seminar participants discussed the harmonization of export control legislation and policies. As an example of such harmonization, they considered European Union (EU) legislation and the EU Control List, which includes goods and technologies controlled by all international export control regimes (Australia Group, Nuclear Suppliers Group, Missile Technology Control Regime, and Wassenaar Arrangement). A tour of Riga International Airport was also organized to demonstrate the existing technologies that can be used to detect sensitive materials during customs control.

Special Report

International Export Control Assistance to the NIS

Throughout 2003, the *NIS Export Control Observer* reported on U.S.-sponsored assistance projects aimed at strengthening export control systems in the NIS. Export control programs in the region also benefit from non-U.S. programs and initiatives. Some programs are part of the Group of Eight (G8) Global Partnership against the Spread of Weapons and Materials of Mass Destruction, an initiative launched in June 2002 in which the G8 countries (Canada, France, Germany, Italy, Japan, Russia, United Kingdom, and United States) committed to providing up to \$20 billion over 10 years to fund nonproliferation projects, principally in Russia, but also in other nations, including other former Soviet republics. International funding institutions, such as the Asian Development Bank, the International Monetary Fund, and the World Bank, provide loans and technical assistance in support of export and border control in the NIS region, as part of their economic aid and assistance programs. Other international organizations, such as the Organization for Security and Cooperation in Europe, support export control programs, as part of broader regional security initiatives. Still others, such as the World Customs Organization, support customs reform in the region with the goal of increasing the effectiveness and efficiency of customs administrations and the harmonization of customs procedures.

This article summarizes some of the major non-U.S. export control assistance programs and initiatives in the former Soviet Union.

Asian Development Bank (ADB)

The ADB has supported the development of border posts in the Central Asian region, particularly focusing on simplifying and improving coordination of border procedures. On October 29, 2002, the ADB approved a \$15 million loan and \$500,000 in technical assistance to improve customs services in the Kyrgyz Republic. These funds are part of a larger \$28 million package allocated to assist customs services in East and Central Asia. The funds are to be used to strengthen coordination and regional cooperation between countries of Central Asia and their neighbors, as well as develop stronger institutions to prevent illegal trafficking of drugs, money, and other sensitive materials. The technical assistance grant will evaluate the need for modernization of the customs service in Kyrgyzstan. The loan is allocated for a 24-year period.[1,2]

European Union (EU)

Launched by the European Community in 1991, the Technical Assistance to the CIS (TACIS) Program provides grant-financed technical assistance to 13 countries in Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan). The European Union, through its TACIS program, provides funding to combat organized crime (money laundering, drug trafficking, trafficking in human beings) and international terrorism, enhance border management, and strengthen migration and asylum systems in the NIS. Many of the TACIS programs fulfill part of Europe's G8 Global Partnership commitments. For the period 2004-2006, the EU has allocated €27 million (\$33.7 million as of January 2004) for border management activities, including training of border guards and provision of equipment.[3] The following programs are examples of the types of border-related assistance that the European Union provides to the NIS under TACIS programs.

- Russian Customs Checkpoints: The EU plans to spend €16 million (approximately \$17.4 million as of April 2003) to upgrade customs checkpoints in northwestern Russia, according to an announcement in April 2003.[4]
- Border Management Central Asia (BOMCA) Program: In July 2003, the European Commission allocated €1.5 million (\$1.7 million as of July 2003) through the TACIS program to launch the European Union's BOMCA program. The objective of the BOMCA program is to improve the effectiveness of the border services of the Central Asian states. As of January 2004, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan participate in the program. BOMCA will modernize legislation, organization, equipment, and operations of the border services of these countries. In the long term, BOMCA plans to promote regional cooperation between the border services and security authorities. The United Nations Development Program implements BOMCA. The Border Management Services and Development agencies of four EU member states (Austria, Finland, France, and the United Kingdom) and one acceding country (Poland) will provide the expertise. BOMCA will receive a total of €23.5 million (\$29 million as of January 2004) for 2003-2006. Thirteen projects have been created in the following five areas:
 - supporting legal reforms on border management issues;
 - creating information exchange systems for border management;
 - providing training on border management issues;
 - establishing border posts and mobile units; and
 - improving working conditions at borders and integrating personnel with local communities.[5,6,7,8]
- Georgian Border Guards: In 2000, the EU provided Georgia with €1 million (\$1 million as of January 2000) for the Georgian State Border Guard Department, in order to protect the unarmed Organization for Security and Cooperation in Europe monitors at the border between Georgia and the Russian Federation's Chechen Republic. In 2002-2003, the EU provided an additional €1 million (\$890,000 as of January 2002) to conduct an in-depth study of the best way to reform the Georgian border guard service with the goal of helping the Georgian government create a long-term development plan for the improved control of its national borders.[9]
- Belarusian Border Guards: In 2002, TACIS trained Belarusian border guards to detect forged documents and provided equipment and vehicles under a €990,000 (\$883,000 as of January 2002) project aimed at improving border control procedures on the Belarusian-Ukrainian border.[10]
- TRACECA (Transport Corridor Europe-Caucasus-Asia): The EU has provided some assistance to NIS export control and border programs through its TRACECA program. The TRACECA program was launched in May 1993 to provide technical assistance in the development of a transport corridor on a west-east axis from Europe, across the Black Sea, through the Caucasus and the Caspian Sea to Central Asia. An example of a border control-related project under the TRACECA program is the €2 (\$1.8 million as of January 2002) project for the construction of a new bridge and border post between Georgia and Azerbaijan and for the harmonization of border crossing procedures and customs facilities.[11]
- Customs Program: The TACIS Customs Program aims to increase the capability of customs services in the NIS to serve a market-based economy in an efficient, correct, and transparent way. TACIS offers technical assistance to modernize customs services and improve legislation. Experts from EU member states work in the NIS on a short- or long-term basis.[12]

Japan

Since 9/11, Japan has worked to implement counterterrorism measures in Asian countries, including in Central Asia and the Caucasus. Japan provided training to customs officials from Azerbaijan and Uzbekistan and held export control seminars in 2001 and 2002 for officials from Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Japanese export control assistance to the NIS goes towards meeting Japan's commitments to the G8 Global Partnership.[13]

Organization for Security and Cooperation in Europe (OSCE)

The OSCE is involved in a number of projects designed to improve border and export controls in the NIS. The following are just a few of the programs.

- Termez-Hayraton Cross Border Training Program: The OSCE provides training to border control and customs personnel at the Termez checkpoint (on the Uzbekistani-Afghanistani border) to increase the professional capacity of border staff and to raise awareness of international rules and regulations governing cross-border operations.[14]
- Training Seminars for Turkmenistani Border Officials: The OSCE conducted seminars to educate Turkmenistani border officials on international experiences and norms concerning border controls and customs procedures.[15]
- Border Service Reform in the Caucasus: The OSCE provided training for border guards in Armenia, Azerbaijan, and Georgia to assist them in implementing international standards and best practices.[16]
- Combating Illicit Trafficking in Small Arms and Light Weapons in Central Asia: The OSCE held a meeting and a series of workshops in the five Central Asian countries on export and import controls, weapons tracing, and weapons collection and destruction.[17]

In addition to the above, the OSCE sponsored workshops and conferences throughout the region on topics such as fighting corruption, travel documents, money laundering, and terrorism financing.[17,18]

World Customs Organization (WCO), World Bank, International Monetary Fund

The WCO has opened two regional training centers for customs officials in the NIS. The first, part of the Russian Customs Academy in Moscow, is intended to promote new customs techniques and to assist government agencies in fighting terrorism. The second, which opened in September 2003 near Baku, will help customs authorities deal with terrorism, counterfeiting, and trafficking in drugs, humans, and nuclear material. Customs authorities from other NIS countries receive training at the Moscow and Azerbaijani centers.[19,20] The WCO actively works with the Russian State Customs Committee to develop bilateral cooperative activities. WCO representatives participate in meetings of the Committee's Advisory Council on Customs Policy.[21]

The WCO collaborates with other international organizations, too, to bring about customs reform in the NIS. In November 2003, the World Bank, the International Monetary Fund, and the WCO awarded a \$140 million development loan to Russia to help finance a Customs Development Project that will reform and modernize the customs administration.[22]

Editor's Note: Established in 1952 as the Customs Cooperation Council, the World Customs Organization is a 162-member independent intergovernmental body that aims to improve the effectiveness and efficiency of customs administrations worldwide by promoting the harmonization of customs procedures and providing technical assistance to upgrade customs administrations.[23]

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