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Los Angeles Times

June 9, 2007

Putin Raises New Options For U.S. Missile System

He suggests sites less threatening to Russia. Poland's leader, hosting a recovering Bush after the G-8 summit, endorses the plan to put interceptors there.

By James Gerstenzang, Times Staff Writer

ROME — As President Bush on Friday received an endorsement in Poland for placing missile interceptors there, Russian President Vladimir V. Putin presented a second alternative in two days for where the U.S. should install the missile defense system.

The Russian president, speaking at a news conference at the end of the Group of 8 summit, said the interceptors could be located in Turkey, or perhaps in Iraq or at sea. A day earlier, he caught U.S. officials by surprise in suggesting that an existing Russian-run radar system in Azerbaijan be used to protect Europe from a possible attack by Iran. Bush has been planning to build a new radar facility in the Czech Republic.

The missile defense debate has colored the U.S.-Russian relationship for weeks, with Putin contending that the system envisaged by Washington would be considered a threat to Russia and could force him to retarget Russian missiles toward Europe.

The U.S. has said the system would remain defensive in nature and was intended only to protect Europe from a possible Iranian attack of still-to-be-developed long-range missiles.

Bush, spending less than four hours in Poland, nearly all of the time with Polish President Lech Kaczynski at Kaczynski's official retreat on a peninsula in the Baltic Sea, showed no sign of wavering from his plan to base 10 interceptors in Poland.

Kaczynski, answering one of Putin's original complaints about the weapons, said the system, to be targeted at Iran, would have "no aggressive" element but would protect Europe.

"The Russian Federation can feel totally safe," the Polish president said, with Bush at his side in a Gdansk airplane hangar after their conference ended.

On a day in which a stomach ailment forced him to skip the morning meetings at the end of the G-8 summit in Germany, Bush traversed the European continent from north to south before ending the day here.

In Poland, Bush said "the system we have proposed is not directed at Russia. We would welcome Russian cooperation."

After meeting Thursday with Bush, Putin told reporters that a radar system in Azerbaijan would allow the destruction of missiles over open water.

U.S. officials said only that it was a "bold" proposal and that they would study it. When he made the proposal, Putin also accepted Bush's invitation to set up meetings of top military officers and diplomats to consider such joint efforts.

Secretary of State Condoleezza Rice scoffed at Putin's idea for an alternative to Poland as the base for the interceptors, saying Friday in an interview with the Associated Press: "One does not choose sites for missile defense out of the blue."

Gordon Johndroe, spokesman for the National Security Council, said the issue was complex.

"We will be discussing various aspects of it with the Russians and others over coming weeks and months, and we will continue to look at all the options presented," he said.

Bush and Putin, who met for 45 minutes at the summit in the eastern German resort of Heiligendamm on the Baltic Sea, are planning to get together for two days of talks in July at Bush's father's compound in Kennebunkport, Maine. Arriving in Rome for a 32-hour visit, Bush was greeted by headlines in the newspaper *Libero* that read "Welcome Bush," in English, and then in Italian: "But Prodi & Co. Hate You."

The reference was to Prime Minister Romano Prodi. It was perhaps overstated, but Italians overwhelmingly oppose the war in Iraq, and Prodi has moved Italy from the staunch pro-American policies of his predecessor, Silvio Berlusconi.

The threat of possibly violent demonstrations and other security concerns forced Bush to abandon plans to visit a church today in the Trastevere neighborhood and the headquarters of the Community of Sant'Egidio, a Roman Catholic lay organization involved in peace negotiations and humanitarian efforts in Africa.

Bush spent Friday morning in his private quarters at the Kempinski Grand Hotel in Heiligendamm. He managed to meet there with the new French president, Nicolas Sarkozy, before bowing out of summit business in the morning due to illness.

He recovered sufficiently to attend a summit-ending luncheon, and later responded, "Fine, thanks," when asked by reporters how he felt.

But in Poland, delivering a statement with Kaczynski after their meeting, he spoke without much lift in his voice. Referring to the time Bush's father became ill at an official dinner in Japan in 1992, White House counselor Dan Bartlett said of the decision to skip the summit sessions: "I guess he didn't want to follow in the footsteps of his father in Asia."

Bartlett said Bush felt well enough when he awoke to get dressed for the day, but soon realized he was not well enough to leave his quarters.

He said Richard Tubb, the White House physician who travels at Bush's side, monitored the president during the morning.

Bush set out on the trip Monday, flying that day to Prague. On Tuesday evening he flew to Germany, and on Wednesday found time for a bike ride.

Times staff writer Tracy Wilkinson contributed to this report.

<http://www.latimes.com/news/nationworld/washingtondc/la-fg-bush9jun09,1,2189538.story>

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Putin Proposes Alternatives On Missile Defense

By C. J. Chivers

MOSCOW, June 8 — President Vladimir V. Putin offered new suggestions on Friday for alternatives to a missile defense system in Europe, saying Russia would not object to American interceptor missiles in Iraq, Turkey or at sea, and proposing that Russia and the West study emerging missile threats jointly.

Mr. Putin made his latest proposals hours after Azerbaijan said it was willing to discuss another Russian proposal, made Thursday, to use a Soviet-era early warning radar on its territory in the Caucasus as part of a missile defense system against Iran.

Taken together, the two events suggested that additional new possibilities had emerged for negotiation and engagement on an issue that has been a source of intense anger in the Kremlin and has soured relations between Russia and the West.

Mr. Putin's remarks also appeared to be intended to alleviate doubts about whether his initial suggestion, to link the Russian-operated radar in the Caucasus into a Western system, could serve as a substitute for existing plans for a set of interceptors in Poland and a fire-control radar to guide them in the Czech Republic.

But Secretary of State Condoleezza Rice, speaking Friday in New York, appeared to cast doubt on the feasibility of the Putin proposal. "One does not choose sites for missile defense out of the blue," she told The Associated Press. "It's geometry and geography as to how you intercept a missile."

She added, "This is an idea that has not yet been vetted. We have to see whether Azerbaijan makes any sense in the context of missile defense."

President Bush himself, at an appearance on Friday with the Polish president, Lech Kaczynski, after the two had dinner at Mr. Kaczynski's presidential retreat on the Baltic Sea, seemed to signal that he was still committed to his original plan. After thanking Mr. Kaczynski for his support of the plan, he once again emphasized that "the system we have proposed is not directed at Russia."

Speaking Friday at a news conference in Germany, the Russian president insisted that his offer of using the existing radar was only part of the Kremlin's alternative plan.

"My initiative and my proposals to our American partners are much wider than the establishment of a radar station," he said.

He also urged the United States not to proceed with its plans until thoroughly consulting with Russia on its own ideas, and suggested forming a pool of countries, including those in Europe, to evaluate emerging missile threats through 2012.

The proposal to examine the threats could later prove to be another impasse, however, as Russia has quarreled with the West on the need for a missile defense system, saying Iran possesses no missiles capable of reaching Europe.

The United States insists that Iran could develop the technology for such weapons, and that it needs to keep ahead of that possibility.

There was no immediate reaction from the Bush administration to Mr. Putin's latest remarks.

But Mr. Bush had described the previous suggestion as "interesting," and Stephen J. Hadley, the national security adviser, had treated Mr. Putin's shift from criticizing the plans to proposing an alternative as a recognition that missiles from so-called rogue states could become a legitimate threat.

"He has indicated that since it is a common threat to Russia, Europe and the United States, Russia ought to consider cooperating with us," Mr. Hadley said.

Beyond saying that Russia would "not rule out" accepting American interceptor missiles in Iraq, Turkey or at sea, the details of the Kremlin's position were vague and left many issues to be worked out.

Russia and the United States agreed Thursday to convene meetings of their experts this summer to assess Russia's proposals, and officials said it would be difficult to comment about them until the meetings had begun.

Mr. Putin's new proposals were made shortly after the NATO secretary general, Jaap de Hoop Scheffer, suggested that Azerbaijan was not an ideal location for defensive interceptor missiles, because it was too close to potential launch sites in Iran.

And while Mr. de Hoop Scheffer made clear that he was giving only an initial assessment and that a fuller judgment should be rendered by experts, diplomats and analysts in Russia, the Caucasus, Europe and the United States also expressed skepticism about whether Mr. Putin's radar proposal was technically feasible.

The Azeri radar, located in Gabala and operated by Russia under a lease, is used for early detection of launches, and is a different sort of system from the fire-control radar used to guide interceptor missiles against an incoming target.

"The Gabala radar can only be used as a source of information," said Aleksandr A. Khranchikhin, a military analyst and missile expert at the Institute of Military and Political Analysis here. "It cannot be used for guiding a missile in the direction of a target."

"It is incompatible," he added. "So far this is the biggest problem."

Mr. Khramchikhin said Russia's proposals were still valuable, because the radar could serve as an excellent complement to an American system, providing a highly accurate early-warning capability that could be used in concert with fire-control radars. "Principally, this is a rare case when Russia's initiative is sensible," he said. Mr. Putin made his initial proposal to Mr. Bush on Thursday at a resort on the Baltic Sea, the highlight of a private session between the two presidents during a meeting of the world's wealthy democracies that was hosted by Germany.

Whatever the outcome of the eventual technical assessments of the proposal, no one disputed that Mr. Putin's suggestion had provided a welcome, if temporary, exit from an intensive diplomatic standoff.

The Russian president had threatened to aim nuclear weapons at Europe should the current plans for missile defense go forward. The Russian proposal and a subsequent agreement to have experts from the United States and Russia discuss the idea this summer, offered the possibility of a less menacing round of negotiations, diplomats said.

"The important thing, the good thing, is that the two presidents are engaging in dialogue," a NATO official said.

"That can only be welcomed."

Sheryl Gay Stolberg contributed reporting from Gdansk, Poland.

http://www.nytimes.com/2007/06/09/world/europe/09azerbaijan.html?_r=1&oref=slogin

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Washington Times

June 9, 2007

Pg. 7

Seoul Unfazed By North's New Missile Tests

By Andrew Salmon, The Washington Times

SEOUL -- Pyongyang's recent missile tests are not raising tensions, South Korea's leading policy-maker on North Korea said yesterday, adding that Seoul is working with concerned governments to resolve the issue of frozen funds that are delaying a nuclear disarmament deal.

With the continued holdup in the implementation of an agreement on North Korean nuclear dismantlement in the background, Unification Minister Lee Jae-joung told foreign reporters that Thursday's missiles -- fired into waters off the peninsula's west coast -- were routine annual tests.

"We don't think this is anything out of the blue; we don't think it increases tensions," he said.

Washington has called the tests "not constructive."

South Korean press, citing unnamed defense sources, said the North had fired two anti-ship missiles. These are less of a threat to regional security than ballistic missiles capable of reaching Japan and possibly the United States.

However, in 1999 and 2002 there were fatal inter-Korean naval clashes on the west coast crab-fishing grounds.

On May 25, the North fired two missiles off the east coast on the same day that Seoul launched its first Aegis-equipped destroyer.

Missile tests are customarily a move by Pyongyang to call attention to itself. The latest volley may be an expression of frustration over the intractability of the funds issue.

North Korea has refused to implement the Feb. 13 agreement until funds frozen in Macao-based Banco Delta Asia are released. The deadline for implementation of the agreement was April 14.

While Washington insists it has "fulfilled all its obligations" on freeing the funds, the communist state reportedly is demanding the right to remit the \$25 million through the international financial system.

International financial institutions are apparently unwilling to handle the transactions. The U.S. Treasury Department has said portions of the money are related to illicit activities including counterfeiting.

Mr. Lee said it is "just a matter of time" before the issue is resolved. Seoul is looking at "various alternatives" with China and the United States to deal with the dispute, which he described as "legal and technical."

On Thursday, Foreign Minister Song Min-soon said Seoul was exploring "dramatic measures" to overcome the problem.

Mr. Lee also said that Seoul, which cooperates extensively with North Korea in the economic sphere and has a bank branch set up in the joint North-South industrial zone at Kaesong, would not use one of its own banks for the transfer.

"The issue is not just between the two Koreas; it involves the international finance system," he said. "It should be resolved accordingly."

Washington has repeatedly said its patience is not inexhaustible on the issue, but has refrained from making provocative statements, despite the continued delay.

Mr. Lee said that inter-Korean economic cooperation projects would continue, but added that Seoul was standing firm on withholding food aid. Ministerial-level talks broke off with no agreements last week after Seoul said it was holding promised rice aid until the North begins to implement the nuclear dismantlement agreement.

<http://www.washtimes.com/world/20070608-101352-5329r.htm>

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Washington Post

June 9, 2007

Pg. 11

U.S. Alleges North Korea Is Misusing Aid For Poor

Probe Says U.N. Money Was Spent on Property Overseas

By Glenn Kessler and Colum Lynch, Washington Post Staff Writers

About \$3 million in United Nations money intended to help impoverished North Koreans was diverted by the Pyongyang government toward the purchase of property in France, the United Kingdom and Canada, according to a confidential State Department account of witness reports and internal business records. Millions more, the department reported, went to a North Korean institution linked to a bank alleged to handle arms deals.

The U.N. Development Program (UNDP) in North Korea spent about \$3 million a year over the past decade to promote the country's economic growth, foreign trade and investment. It halted operations in March after the United States alleged that the agency engaged in improper hiring and financial practices. A preliminary U.N. audit, released last week, confirmed that it violated its own guidelines by hiring local workers who were selected by the North Korean government and paying them in foreign currency.

A separate State Department investigation suggests that some of the agency's money enriched the North Korean government. The U.S. ambassador to the United Nations, Zalmay Khalilzad, presented UNDP Administrator Kemal Dervis with new allegations regarding the North Korea programs Wednesday, a UNDP spokesman confirmed.

"At first glance, the allegations do not correspond with our own records, which we have scrutinized extremely closely in the past six months," spokesman David Morrison said.

The U.S. probe, headed by Mark Wallace, a deputy ambassador, also found that the UNDP procured for North Korea equipment that could be used in a weapons program. Such "dual use" equipment included global-positioning system equipment, computers and computer accessories, and a device known as a mass spectrometer, used to determine the isotopic composition of elements.

Morrison said the UNDP purchased the computers, GPS equipment and spectrometer to enable the forecasting of weather patterns in flood- and drought-prone areas of the country. He noted that the 10 GPS devices cost \$65,000 and the mass spectrometer cost \$6,000.

"UNDP takes these allegations very seriously and has asked the U.S. Mission to provide all available documentation to substantiate the allegations and to facilitate UNDP's own immediate review of them," Morrison said.

Ric Grenell, a spokesman for the U.S. Mission to the United Nations, said the information presented to Dervis "indicates an apparent misuse and diversion of UNDP funds, business dealings with certain suspect entities affiliated with [North Korea], UNDP's procurement of potential dual-use equipment and information related to the further use of counterfeit U.S. currency in" North Korea. He said Dervis indicated that he is "committed to investigating the matter" and providing answers.

The State Department has not made public any documents to back up its interpretation, and Khalilzad has declined to release details of the department's investigation. Some congressional staff members have received confidential briefings on the findings.

The revelations come at a sensitive moment, as the Bush administration has been working closely with other countries, particularly Russia, to arrange a transfer of \$24 million in tainted North Korean money to facilitate an agreement to shut down North Korea's nuclear reactor.

The U.S. probe discovered that the UNDP purchased for the North Korean government 29 books for an arms control and disarmament project, including one titled "The Psychology of Nuclear Proliferation." Morrison said the books were purchased in December and delivered last month. "In hindsight, better judgment could have been used in the selection and delivery of these books," he said.

The State Department and the UNDP are in sharp dispute over some of the figures in the transactions. Such quarrels have been frequent between State and the UNDP, with tempers subsiding when documentation emerges to challenge the rhetoric.

According to the State Department, the UNDP transferred more than \$7 million between 2001 and 2005 to a North Korean government entity, the National Coordination Committee for UNDP. Morrison said the figure is much lower -- a few hundred thousand.

During 2001 and 2002, the UNDP also transferred more than \$8 million of other agencies' funds to the North Korean government, the State Department said. Pyongyang then transferred at least \$2.8 million of the UNDP funds to North Korean diplomatic missions in Europe and New York to "cover buildings and houses," including purchasing buildings in France, the United Kingdom and Canada, the probe found.

The UNDP said the national government received \$2.2 million. The agency has no means to determine how North Korea financed its purchase of expensive houses, Morrison said, but he said the UNDP has verified that its money was used to fund its programs.

The State Department also alleged that the UNDP paid nearly \$2.7 million for "goods and equipment" to a North Korean financial institution that is linked to Tanchon Commercial Bank (also known as Changgwang Credit Bank). President Bush designated that institution in 2005 as the main North Korean financial agent for sales of ballistic missiles and parts used in the assembly of weapons and missiles.

A UNDP official said the State Department has cited to the agency two financial institutions linked to Tanchon -- Zang Lok and the International Financial and Trade Company. The U.N. audit found one payment, for \$22,000, sent via Zang Lok in 2004 and none for International Finance.

Lynch reported from the United Nations.

<http://www.washingtonpost.com/wp-dyn/content/article/2007/06/08/AR2007060802793.html>

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Chicago Tribune

June 8, 2007

Putin's Labyrinth

By Luke Allnut

The behavior of Russian President Vladimir Putin has left politicians and diplomats scratching their heads. Last week, Putin threatened to point his missiles at Europe; now, at the Group of Eight summit in Germany, he says he wouldn't mind a joint U.S.-Russia anti-missile radar base, as long as it was sited in Azerbaijan rather than the Czech Republic.

The spat over the missile shield is the latest in a long line of dramas that are best understood not as part of a coherent Russian foreign policy, but rather as choreographed scenes intended for domestic consumption.

It was Josef Goebbels, Nazi Germany's propaganda minister, who once remarked "we must create the image of the enemy." In a year that will see parliamentary elections in Russia and the likely anointing of Putin's successor, that is exactly what the Kremlin is doing.

First, it was the Georgians, when, last fall, a routine spying row, which usually would have been handled quietly by diplomats, turned into a war with expulsions and bans on Georgian wine.

Then, in April, after the removal of a Soviet World War II monument, a Russian delegation made a very public dash to Estonia. Russian television denounced Estonians as unreconstructed fascists. The Putin-loyal Nashi movement attacked diplomats and then hacked Web sites.

Such events are only really significant when taken together as the building blocks in Russia's great new narrative.

The narrative goes something like this: In the 1990s, the West took advantage of an emasculated Russia, using oligarchs to strip the country of its wealth. Russia is encircled, with NATO perched on its borders. The colored revolutions in Ukraine and Georgia were funded and engineered by the West. Pro-Western neighbors are traitors, ungrateful for Soviet liberation from the Nazis. But now, Russia, emboldened by oil and gas wealth, is back on the world stage. Russia was humiliated, but will never be humiliated again.

As the popular tabloid *Komsomolskaya Pravda* wrote on May 31, "it's a rare day that the average Russian citizen doesn't hear warnings about another Cold War or World War III. Citizens are informed of how the United States and NATO are establishing military bases all along Russia's perimeter."

This narrative of avenged humiliation is simplistic and undemanding, a comfort zone where outsiders are to blame for Russia's ills, where there is no scrupulous moral examination of the communist past or the increasingly authoritarian present.

And it is understandable why so many Russians, who lived for so long with perhaps the greatest tale of all, Marxism, are receptive to this new narrative. Humiliation hurts. In the 1990s, Russians couldn't afford to join the country club. They kept the greens and took out the trash.

But with more than 6 percent economic growth, a burgeoning middle class and a leader respected, if not feared internationally, they're back. Now they're paid-up members, on the golf course, crowding the bar area, and ordering tray after tray of gin slings.

Russians credit Putin with this. And it is this, and the economic growth, that explains his continually high approval ratings of more than 70 percent.

But like every good narrative, there is an element of the fantastical. In Guillermo del Toro's recent film, "Pan's Labyrinth," Ofelia constructs her magical kingdom to shield her from the horrors of fascist Spain. In Putin's Russia, the delusions of grandeur, or of national rebirth, serve the same purpose: They comfort but, in the long-term, they will not sustain.

Oil prices won't stay high forever and the Russian economy has not diversified enough. There is an increasing gap between rich and poor and a looming population crisis. Freedoms are rapidly being eroded, with essentially a one-party system; supporters of the political opposition are beaten on the streets.

Political systems often collapse when the narrative diverges so widely from the reality. And that is Russia's worry; that is what has commentators gingerly making parallels between Putin's Russia and Weimar Germany.

But for now, it appears to be working, and we can expect more of the same in 2007. To avoid a chaotic and damaging transfer of power next year, the Kremlin will continue to shore up its support at home with posturing abroad. No doubt, the narrative will be further fleshed out and refined, with new players, new villains, and if Putin chooses a successor, even a new hero.

Andrew Wilson, an academic at University College London, predicts the "animating" narratives in Russia's election year are likely to be the "threat of extreme nationalism or the threat of Islamic terrorism."

It is also possible that more of Russia's neighbors could have their gas cut off, their Web sites hacked, or their products boycotted.

Or perhaps the Kremlin will spin a yarn about the threat of another colored revolution, this time in Russia. The Rose and Orange revolutions were just dry runs, spin doctors will say. Now the United States, armed with its missile-defense shield, is ready for the big one.

Allnutt is an editor at the Prague-based Radio Free Europe/Radio Liberty.

<http://www.chicagotribune.com/services/newspaper/premium/printedition/Friday/chi-oped0608putinjun08.1.4997916.story>

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New York Times

June 10, 2007

Pg. 12

North Korea Misspent Funds From U.N., Diplomats Say

By Thom Shanker

WASHINGTON, June 9 — Senior American diplomats at the United Nations have compiled new information indicating that several million dollars in United Nations development money had been paid to a North Korean entity closely associated with that nation's programs to develop unconventional weapons and sell missiles abroad.

According to diplomats at the United Nations headquarters in New York, the American inquiry found that the development money for North Korea had also been used to purchase "dual use" equipment, which has both civilian and military applications, including mass spectrometers, sophisticated global positioning systems and advanced computer hardware.

The diplomats, speaking on traditional ground rules of anonymity to describe private discussions among senior officials at United Nations headquarters over recent days, said the American investigation had also found evidence that up to \$3 million in development funds were used by the North Korean government to purchase buildings and houses in Europe and North America.

The American ambassador to the United Nations, Zalmay Khalilzad, and his deputy, Mark D. Wallace, laid out the findings in recent days in a meeting with Kemal Dervis, administrator of the United Nations Development Program, United Nations officials said.

American officials declined to discuss the substance of the meeting, but Richard A. Grenell, the spokesman for the American mission to the United Nations, said, "We were quite encouraged about how Administrator Dervis came out immediately and committed to investigate the matter."

Details of the United Nations meeting and of alleged abuses regarding development funds for North Korea were first reported in Saturday editions of The Chicago Tribune and The Washington Post.

Other abuses alleged in the American inquiry include instances of North Korea using counterfeit bills in currency transactions that were part of United Nations development programs, perhaps aiding money laundering efforts, diplomats said.

http://www.nytimes.com/2007/06/10/world/asia/10nations.html?_r=1&oref=slogin

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Washington Times
June 11, 2007
Pg. 13

Kim Reported In Poor Health

North Korean leader needs heart surgery

By Sergei Soukhorukov, London Sunday Telegraph

BEIJING — North Korean leader Kim Jong-il has been so unwell that he cannot walk more than 30 yards without a rest, Western diplomats say.

Diplomats in the North Korean capital, Pyongyang, are increasingly convinced that the 65-year-old dictator needs heart surgery to restore his apparently flagging health. He has had to be accompanied by an assistant carrying a chair so that, wherever he goes, he can sit and catch his breath.

Speculation about the state of Mr. Kim's health was heightened when a team of six doctors from the German Heart Institute in Berlin flew to Pyongyang for eight days last month. Diplomats think Mr. Kim, who also suffers from diabetes, was among those treated by the combined medical and surgical team. But a spokesman for the German team said they had treated only three laborers, a nurse and a scientist.

Mr. Kim's public appearances have been curtailed this year, and he has appeared in public only 23 times, compared with 42 times at the same point last year. The suggestion that he underwent an operation offered an apparent explanation for a recent monthlong disappearance from public view.

Mr. Kim has ruled the North — one of the most isolated and tightly controlled regimes in the world — since his father, Kim Il-sung, died in 1994. He became the heir apparent to his father in 1974 at age 32, two decades before Kim Il-sung's death.

Kim Jong-il's illness also may explain why he has appeared eager to tackle the question of his succession, putting two of his sons through their paces to decide who is best suited to take over.

He is reported to have taken Kim Jong-chul, 26, and Kim Jong-woon, 23, on a series of military inspections to ascertain who performed best. His eldest son, Kim Jong-nam, 36, is out of favor after he was deported from Japan six years ago for trying to enter the country on a forged passport.

Some observers predict that Kim Jong-il's eventual death might be followed by a collective leadership by military figures, ending his family's dynastic power over the impoverished communist state and paving the way for it to abandon its nuclear weapons program and open up to the rest of the world.

Barbara Nickolaus, a spokeswoman from the heart institute, said it was the first time it had sent German doctors to North Korea. But high-ranking North Korean officials routinely are treated by foreign doctors abroad, and Kim Jong-il's family members and officials have been treated in Russia, Switzerland and Germany.

According to reports in North Korea, a team from Berlin visited last year and operated mainly on small children but also treated Kim Jong-il's brother-in-law, Chang Sung-taek.

He had been due to visit Germany earlier this year for a followoperation but was denied an entry visa because of U.N. sanctions aimed at prohibiting foreign trips by North Korean officials.

<http://www.washtimes.com/world/20070610-103916-4086r.htm>

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Washington Times
June 12, 2007
Pg. 4

Bush Casts Doubts On Putin Missile Offer

Bulgarians ecstatic over presidential visit

By Joseph Curl, Washington Times

President Bush yesterday said he did not know whether Russia's proposal to relocate a U.S. missile-defense system to Azerbaijan was "technically feasible" and offered Serbia possible rewards if it agreed to make Kosovo independent.

On the last day of an eight-day, six-country swing across Europe, the president visited Bulgaria, a reward for the small nation's deployment of troops to Afghanistan and Iraq and for allowing the use of four military bases.

As on the previous day during a stop to Albania, Mr. Bush was greeted warmly by the thousands of Bulgarians who stood along his motorcade route and packed a city square to see him. The president made all the right moves -- laying a wreath at the tomb of the unknown soldier, greeting Bulgarian soldiers just back from duty in Afghanistan and Iraq and wading into a crowd for handshakes and hugs.

"We have accepted our responsibilities to help defend freedom against terrorists and extremists, and it's hard work. And I thank the people of Bulgaria for understanding the stakes, the true challenges of the 21st century," said Mr. Bush while standing alongside Bulgarian President Georgi Parvanov.

The U.S. missile system -- a military radar installation in the Czech Republic and 10 missiles in Poland to protect NATO allies from an attack by a rogue nation such as Iran or North Korea -- came up again yesterday, with Mr. Bush voicing doubts about a Russian proposal.

At the Group of Eight summit in Germany last week, President Vladimir Putin surprised the White House by offering a radar site controlled by the Russian military in Azerbaijan as a replacement for the two Eastern European sites.

"And I said, 'That's a good idea, I don't know how -- whether it's technologically feasible, I'm not an expert. I've got experts in my government, however, who could analyze your proposal,'" Mr. Bush said in a joint press conference. While Moscow fiercely opposes the U.S. plan, fearing the missiles are aimed at Russia, Mr. Parvanov, as leader of the once-loyal Soviet ally, sought a middle ground.

"Bulgaria should not have to choose between the friendship between the U.S. and the friendship with Russia," he said.

Mr. Bush also held out a carrot to Serbia, which opposes independence for the Kosovo province. He said the Bulgarian president had offered an idea that "I agree with, and that is, is that as we seek independence for Kosovo, we've also got to make it clear to Serbia that there's a way forward, maybe in NATO, maybe in the EU, and definitely in better relations with the United States."

In the Bulgarian capital of Sofia, thousands lined the cobblestone main street through Nevsky Square as an honor guard played both countries' national anthems. The two presidents inspected a line of Bulgarian troops wearing white coats trimmed in red and navy pants tucked in high black boots.

Mr. Bush then worked a crowd of locals, reaching in to shake hands. Later outside the press conference, he eagerly approached another curious gathering -- the third time in two days that he has done something he rarely does at home.

This article is based in part on wire service reports.

<http://www.washtimes.com/national/20070611-104521-3936r.htm>

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Washington Times

June 12, 2007

Pg. 1

Data On N. Korea Centrifuges Sought

Pakistani equipment part of deal

By Bill Gertz, Washington Times

North Korea purchased some two dozen centrifuges from the Pakistani nuclear supplier network headed by A.Q. Khan and must account for the equipment as part of the stalled nuclear agreement, said a senior Bush administration official.

The Feb. 13 nuclear accord reached by six nations in Beijing is being held up by \$24 million in North Korean funds frozen in Macao's Banco Delta Asia because of money-laundering concerns.

However, the senior official said the money is expected to be released soon and that the administration is set to promise not to prosecute the bank that agrees to handle the transfer, the senior official said.

"Any entity that is going to be moving that money is going to have to have some assurances because of the permanent 311 that's been put on Banco Delta Asia," said the senior official, who specializes in North Korean issues and who spoke to The Washington Times on the condition of anonymity.

The assurances are likely to be in the form of a Treasury Department "no action" letter that promises not to prosecute the bank under the USA Patriot Act money-laundering provision known as Section 311, which bars U.S. banks from conducting transactions with banks engaged in money laundering.

Treasury Department spokeswoman Mollie Millerwise declined to comment on the letter but said yesterday that the department is working with Russian authorities on the funds transfer from Macao.

The senior official said Washington fulfilled its part of the February agreement by not opposing the release of the funds, but Pyongyang "moved the goal posts" by demanding that the U.S. government facilitate the transfer.

"We've agreed not to interpose any objections to the release of that money, although some of that was obtained through illicit means," the official said. "Now we're going to look at how we can facilitate the transfer of that money."

The funds could be shifted in the near future, the official said.

Of the centrifuges and uranium-enrichment goods that are the "central" issue of North Korean denuclearization, the senior official said, Pyongyang must account for the equipment.

"We know they acquired ... close to two dozen centrifuges, P-1 and P-2 design, with P-2s being the most sophisticated," the senior official said.

The P-1 and P-2 designs were sold by the Khan network to Libya, Iran and North Korea. Large numbers of the machines are needed to spin uranium hexafluoride gas to produce highly enriched uranium, the fuel for nuclear bombs.

Additionally, North Korean purchasing agents bought special aluminum tubing used for centrifuges and uranium enrichment.

"When you put all those pieces together, it spoke to a clear intent to have basically a production-scale capability to enrich uranium," the official said.

Under the first phase of the February nuclear accord, North Korea must shut down its plutonium-fueled reactor and related facilities at Yongbyon and allow International Atomic Energy Agency inspectors back into the country to monitor the program. The second phase calls for dismantling all nuclear programs, including the uranium-enrichment facilities.

The senior official said U.S. intelligence agencies assess that the first phase of the accord can be completed and that "the North Koreans would abide by that commitment."

However, U.S. intelligence assessments indicate problems in getting North Korea to abide by the second phase of the accord.

"When you talk about then looking at all nuclear programs, disabling and eventually dismantling all those nuclear programs in a verifiable comprehensive way, I think that's where the assessment is less concrete," the official said. "I think there are a number of people who say it's going to be very heavy lifting and it will be somewhat arduous."

The official sought to clarify public statements about U.S. intelligence agencies' confidence in the North Korean uranium program. No change has been made in 2002 U.S. intelligence assessments about the existence of the equipment for the uranium-enrichment program, and Pyongyang had been "going full-speed ahead based on everything we were seeing," the official said.

What changed was the intelligence community's confidence level about the pace of the uranium program.

"At the end of 2006, because we were seeing less transactions, the confidence level went from high confidence to moderate confidence that the program to acquire a capability to enrich uranium was still in existence," the official said. "But that is a central issue."

Further complicating the matter, North Korea's government admitted in October 2002 that it had the covert uranium-enrichment program but later denied having any such program, a position it holds today.

The senior official said the North Koreans have to resolve the issue whatever the case.

"We don't know if they kept it in the box. The point is, there's lack of clarity as to what they did with the significant amount of acquisition that spoke to a production-scale uranium-enrichment capability," the official said.

North Korea tested cruise missiles during military exercises and undermined the nuclear talks by raising tensions in the region, the official said.

Christopher Hill, the assistant secretary of state for East Asia, said in a C-SPAN interview Wednesday that the North Koreans may have reverse-engineered 12 to 20 centrifuges in setting up a series of a few hundred to a few thousand machines.

"And they've got to stop it," Mr. Hill said. "And they've got to abandon the program. And get rid of all the equipment. And we'll work with them on that."

<http://www.washtimes.com/national/20070612-122120-2189r.htm>

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Washington Times

June 12, 2007

Pg. 6

FBI Director Predicts Terrorists Will Acquire Nukes

By Jerry Seper, Washington Times

FBI Director Robert S. Mueller III yesterday said that it was only a matter of time and economics before terrorists will be able to purchase nuclear weapons and that the world's law-enforcement community must unite to prevent it.

"Our greatest weapon is unity," Mr. Mueller said at the Global Initiative to Combat Nuclear Terrorism law-enforcement conference in Miami. "That unity is built on intelligence and interagency cooperation. It is built on the idea that, together, we are smarter and stronger than we are standing alone."

Mr. Mueller said federal authorities, working with their counterparts overseas, must secure loose nuclear material, share intelligence about those who wish to buy and sell such material, and stop those who do -- adding that by some estimates, there is enough highly enriched uranium in global stockpiles to construct thousands of nuclear weapons. Mr. Mueller said the economics of supply and demand dictate that someone, somewhere will provide nuclear material to the highest bidder, and that material will end up in the hands of terrorists. He said the al Qaeda terrorist network has demonstrated a clear intent to acquire weapons of mass destruction, noting that Osama bin Laden sought to buy uranium in Sudan in 1993.

But, he said, al Qaeda is not the only concern, adding that the United States faces threats from other terrorist cells around the world and from homegrown terrorists not affiliated with al Qaeda but who have been inspired by its message of hatred and violence.

"Several rogue nations -- and even individuals -- seek to develop nuclear capabilities," he said. "Abdul Khan, for example, was not only the father of Pakistan's nuclear bomb; he peddled that technology to North Korea, Libya and Iran. Khan was one of many to prove that it is indeed a seller's market in the so-called atomic bazaar."

Mr. Mueller said the next terrorist attack is not a question of if, but when.

While the FBI investigates all acts of terrorism in the United States, he said that the prevention of a nuclear attack is a responsibility shared by many and that the necessary coordination to meet the threat begins with training.

"Together, we are training our foreign partners in WMD detection, border security, undercover investigations, nuclear forensics and crisis management. To date, we have trained more than 5,000 participants from more than 23 countries," he said.

Strong intelligence, he said, is the FBI's primary asset, but standing alone is not enough. He said that if the FBI uncovers information about potential nuclear trafficking or a pending plot, it must be able to move at a moment's notice.

"We cannot sit back and wait for others to act. To do so is to continue to feed the crocodile, hoping he will eat you last, as Winston Churchill once said," he said. "Our safety lies in protecting not just our own interests, but our collective interests."

<http://www.washtimes.com/national/20070611-104521-9295r.htm>

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New York Times

June 12, 2007

U.N. Monitor Urges Defusing Of Stalemate Over Iran

By David E. Sanger

WASHINGTON, June 11 — The director general of the United Nations nuclear inspection agency warned Tehran and Washington for the first time on Monday that their yearlong stalemate over Iran's nuclear activities was turning into a "brewing confrontation" that he said "urgently needs to be defused."

In his statement to the member countries of the International Atomic Energy Agency, the director general, Mohamed ElBaradei, stopped just short of saying that the confrontation could become a military conflict, though his aides said that was clearly the implication. In private meetings with European and American officials, Dr. ElBaradei also warned that unless diplomatic means were found to stop Iran's installation of new centrifuges, the machines that enrich uranium, the country could have 8,000 of the machines in place by the end of the year.

If all those machines were working — which would be a tremendous challenge for Iran, given the highly sensitive nature of the equipment and the technical obstacles that have plagued Iranian engineers for years — they could produce enough uranium for roughly three nuclear weapons a year, nuclear experts say. But that is a worst-case scenario that assumes Iran could operate the equipment as well as Pakistan did in the late 1980s. One of the founders of Pakistan's nuclear program, Abdul Qadeer Khan, supplied Iran with the prototypes that enabled Iran to build its own equipment.

American experts warn that it is far from clear that Iran could get a large number of centrifuges to spin simultaneously for long periods, which is what it would take to produce bomb-grade uranium. So far, inspectors have said that all the uranium they have tested from the country's centrifuges has been enriched to reactor grade, which is not sufficient to make a weapon.

Still, Dr. ElBaradei's comments appeared likely to add to his tensions with the Bush administration, which tried to block his nomination for a second term at the agency just months before he won the 2005 Nobel Peace Prize.

Last month, the United States and several of its European allies issued a formal protest to Dr. ElBaradei after he told The New York Times that the American strategy of negotiating with the Iranians only after they suspended uranium manufacturing had failed, and that the Iranians now "pretty much have the knowledge about how to enrich."

American officials disputed that analysis, perhaps with an eye to buying time in negotiations. On Monday, Dr. ElBaradei modified his statement slightly, saying that "Iran continues steadily to perfect its knowledge relevant to enrichment," and to expand its manufacturing capability.

David Albright, the president of the Institute for Science and International Security, a private group in Washington that tracks nuclear arms, said he was concerned that Dr. ElBaradei might be overstating Iran's progress in an effort to propel the United States into unconditional negotiations with Tehran.

"The Iranians would have to demonstrate that they can really make these centrifuges work," he said. "So far they have been cautious — they have run them very slowly because they don't want to see hundreds and hundreds of them crash." He said that he thought the estimate that Iran could have 8,000 centrifuges by the end of the year was "aggressive," and that "they would have a lot of work to do to get them all up and running."

A year ago, Secretary of State Condoleezza Rice announced that she would join negotiations with the Europeans and Iran if Tehran first agreed to suspend all enrichment activities for the duration of the negotiations. To the administration's surprise, the Iranians never agreed to the deal, which the United States says is still on the table.

Dr. ElBaradei's warning about a "brewing confrontation" appeared to be another dip into political strategy for a man who American officials insist should simply be reporting on Iran's progress. He has been clear that he views his job more broadly, and that it is his responsibility to caution hard-liners in both the Bush administration and the Iranian government that they have to find a path to compromise. Last month he talked about "new crazies" who were pushing for military action against Iran; he did not name names or countries, but his implication was clear.

On Monday, he focused most of his criticism on the Iranians, who he said continue "to put additional restrictions and limitations on the agency's verification activities." A meeting between top I.A.E.A. inspectors and a senior Iranian official, scheduled for Monday in Vienna, was canceled at the last minute when it became clear that the official had come with no new answers to questions that the I.A.E.A. has posed to the country, including about design documents that have led to charges that Iran may be considering ways to build nuclear weapons.

<http://www.nytimes.com/2007/06/12/washington/12iran.html?ref=washington>

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Philadelphia Inquirer

June 12, 2007

Study: World Powers Risk Atomic War

By Karl Ritter, Associated Press

STOCKHOLM, Sweden - The world's top military powers are gradually dismantling their stockpiles of nuclear arms, but all are developing new missiles and warheads with smaller yields that could increase the risk of atomic warfare, a Swedish research institute said yesterday.

In its annual report on military forces around the globe, the Stockholm International Peace Research Institute also said the rising number of nations with nuclear weapons was raising the risk that such arms could be used.

"The concern is that countries are starting to see these weapons as usable, whereas during the Cold War, they were seen as a deterrent," said Ian Anthony, a nuclear expert at the institute.

The institute for the first time counted North Korea among the world's nuclear countries, because of its underground test explosion of an atomic device in October. While saying it remains unclear whether the communist country has developed a deliverable nuclear weapon, the institute said North Korea could have produced about six nuclear bombs, based on its stockpiles of plutonium.

Iran is a potential member of the nuclear club if it decides to turn its uranium-enrichment program to military use, Anthony said - something the United States estimated and its allies suspected was the Tehran regime's plan, but that Iranian leaders deny.

"Iran could appear on this list, but at the earliest five years from now," he said.

The United States, Russia, China, France, Britain, Pakistan and India are known to have nuclear weapons, while Israel is thought by most experts to have them.

The report estimated that those nations had 11,530 warheads available for delivery by missile or aircraft at the start of 2007, with Russia and the United States accounting for more than 90 percent - 5,614 in Russia and 5,045 in the United States.

Both countries are reducing their stockpiles as part of bilateral treaties but are developing new weapons as they modernize their forces. Britain, France and China also plan to deploy new nuclear weapons, the institute said.

India, Pakistan and Israel each have dozens of warheads, but their stockpiles are believed to be only partly deployed, the institute said.

The United States remained the world's biggest military spender last year, devoting about \$529 billion to its military forces, the report said, while China overtook Japan as Asia's top arms spender.

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New York Times
June 12, 2007

After The Bomb

By William J. Perry, Ashton B. Carter and Michael M. May

THE probability of a nuclear weapon one day going off in an American city cannot be calculated, but it is larger than it was five years ago. Potential sources of bombs or the fissile materials to make them have proliferated in North Korea and Iran. Russia's arsenal remains incompletely secured 15 years after the end of the Soviet Union. And Pakistan's nuclear technology, already put on the market once by Abdul Qadeer Khan, could go to terrorists if the president, Gen. Pervez Musharraf, cannot control radicals in that country.

In the same period, terrorism has surged into a mass global movement and seems to gather strength daily as extremism spills out of Iraq into the rest of the Middle East, Asia, Europe and even the Americas. More nuclear materials that can be lost or stolen plus more terrorists aspiring to mass destruction equals a greater chance of nuclear terrorism.

Former Senator Sam Nunn in 2005 framed the need for Washington to do better at changing this math with a provocative question: On the day after a nuclear weapon goes off in an American city, "what would we wish we had done to prevent it?" But in view of the increased risk we now face, it is time to add a second question to Mr. Nunn's: What will we actually do on the day after? That is, what actions should our government take?

It turns out that much could be done to save lives and ensure that civilization endures in such terrible circumstances. After all, the underlying equation would remain a few terrorists acting against all the rest of us, and even nuclear weapons need not undermine our strong societies if we prepare to act together sensibly. Sadly, it is time to consider such contingency planning.

First and foremost, the scale of disaster would quickly overwhelm even the most prepared city and state governments. To avoid repeating the Hurricane Katrina fiasco on a much larger scale, Washington must stop pretending that its role would be to support local responders. State and local governments — though their actions to save lives and avoid panic in the first hours would be essential — must abandon the pretense that they could remain in charge. The federal government, led by the Department of Homeland Security, should plan to quickly step in and take full responsibility and devote all its resources, including those of the Department of Defense, to the crisis.

Only the federal government could help the country deal rationally with the problem of radiation, which is unique to nuclear terrorism and uniquely frightening to most people. For those within a two-mile-wide circle around a Hiroshima-sized detonation (in Washington, that diameter is the length of the Mall; in New York, three-fourths the length of Central Park; in most cities, the downtown area) or just downwind, little could be done. People in this zone who were not killed by the blast itself, perhaps hundreds of thousands of them, would get radiation sickness, and many would die.

But most of a city's residents, being farther away, would have more choices. What should they do as they watch a cloud of radioactive debris rise and float downwind like the dust from the twin towers on 9/11? Those lucky enough to be upwind could remain in their homes if they knew which way the fallout plume was blowing. (The federal government has the ability to determine that and to quickly broadcast the information.) But for those downwind and more than a few miles from ground zero, the best move would be to shelter in a basement for three days or so and only then leave the area.

This is a hard truth to absorb, since we all would have a strong instinct to flee. But walking toward the suburbs or sitting in long traffic jams would directly expose people to radiation, which would be the most intense on the day after the bomb went off. After that, the amount would drop off day by day (one-third as strong after three days, one-fifth as strong after five days, and so on), because of the natural decay of the radioactive components of the fallout. More tough decisions would arise later. People downwind could leave their homes or stay, leave for a while and then come back or leave and come back briefly to retrieve valuables. The choices would be determined by the dose of radiation they were willing to absorb. Except in the hot zone around the blast and a few miles downwind, even unsheltered people would not be exposed to enough radiation to make them die or even become sick. It would be enough only to raise their statistical chance of getting cancer later in life from 20 percent (the average chance we all have) to something greater — 21 percent, 22 percent, up to 30 percent at the maximum survivable exposure.

Similar choices would face first responders and troops sent to the stricken area: how close to ground zero could they go, and for how long? Few would choose to have their risk of death from cancer go up to 30 percent. But in cases of smaller probabilities — an increase to 20.1 percent, for example — a first responder might be willing to go into the

radiation zone, or a resident might want to return to pick up a beloved pet. These questions could be answered only by the individuals themselves, based on information about the explosion.

Next comes the unpleasant fact that the first nuclear bomb may well not be the last. If terrorists manage to obtain a weapon, or the fissile material to make one (which fits into a small suitcase), who's to say they wouldn't have two or three more? And even if they had no more weapons, the terrorists would most likely claim that they did. So people in other cities would want to evacuate on the day after, or at least move their children to the countryside, as happened in England during World War II.

The United States government, probably convened somewhere outside Washington by the day after, would be urgently trying to trace the source of the bombs. No doubt, the trail would lead back to some government — Russia, Pakistan, North Korea or other countries with nuclear arsenals or advanced nuclear power programs — because even the most sophisticated terrorist groups cannot make plutonium or enrich their own uranium; they would need to get their weapons or fissile materials from a government.

The temptation would be to retaliate against that government. But that state might not even be aware that its bombs were stolen or sold, let alone have deliberately provided them to terrorists. Retaliating against Russia or Pakistan would therefore be counterproductive. Their cooperation would be needed to find out who got the bombs and how many there were, and to put an end to the campaign of nuclear terrorism. It is important to continue to develop the ability to trace any bomb by analyzing its residues. Any government that did not cooperate in the search should, of course, face possible retaliation.

Finally, as buildings and lives were destroyed, so would the sense of safety and well-being of survivors, and this in turn could lead to panic. Contingency plans for the day after a nuclear blast should demonstrate to Americans that all three branches of government can work in unison and under the Constitution to respond to the crisis and prevent further destruction.

A council of, say, the president, the vice president, the speaker of the House and the majority leader of the Senate, with the chief justice of the Supreme Court present as an observer, could consider certain aspects of the government's response, like increased surveillance. Any emergency measures instituted on the day after should be temporary, to be reviewed and curtailed as soon as the crisis ends.

Forceful efforts to prevent a nuclear attack — more forceful than we have seen in recent years — may keep the day from coming. But as long as there is no way to be sure it will not, it is important to formulate contingency plans that can save thousands of lives and billions of dollars, prevent panic and promote recovery. They can also help us preserve our constitutional government, something that terrorists, even if armed with nuclear weapons, should never be allowed to take away.

William J. Perry, a professor at Stanford, and Ashton B. Carter, a professor at Harvard, were, respectively, the secretary and an assistant secretary of defense in the Clinton administration. Michael M. May, also a professor at Stanford, is a former director of the Lawrence Livermore National Laboratory.

<http://www.nytimes.com/2007/06/12/opinion/12carter.html>

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Washington Times

June 13, 2007

Pg. 1

Iran Uses Fronts To Avoid U.N. Sanctions

Exiles say firms changed names

By David R. Sands, Washington Times

Iran is using newly created front companies in a bid to frustrate U.S. and United Nations sanctions on its suspect nuclear programs, according to records and information supplied by a leading Iranian exile dissident group.

In two cases, Iranian authorities have simply changed the name and headquarters mailing address for companies recently targeted for sanctions by the U.S. Treasury and the U.N. Security Council. Both firms -- the Pars Tarash Co. and the Farayand Technique Co. -- are involved in the testing, production and storage of centrifuges needed to enrich uranium, a critical technical hurdle in the production of nuclear weapons.

The charges about the use of the new front companies were made by the Paris-based National Council of Resistance of Iran (NCRI), which supports the overthrow of the regime in Tehran.

Council press spokesman Shahin Gobadi said the charges showed the futility of negotiations and compromise to get Iran to give up its nuclear ambitions.

"The mullahs will never give up on their quest to obtain a nuclear bomb," he said, calling for "comprehensive technological, weapons, diplomatic and oil sanctions" on Tehran.

The NCRI is the political arm of the People's Mojahedin, a secular Iranian umbrella group that broke violently with the Islamic leaders of the 1979 revolution shortly after the ouster of U.S.-backed Shah Mohammad Reza Pahlavi. The opposition has played a checkered and at times contradictory role. Branded a terrorist organization by the United States and a number of European governments, the group has also proved to be the best single intelligence source on Iran's clandestine nuclear programs, exposing in recent years extensive research and testing sites inside the country unknown to U.S. and Western monitors.

The U.S. Treasury Department on Friday named both Pars Tarash and Farayand Technique in a new sanctions order, freezing any of their assets in the United States and banning any trade with U.S. firms and citizens.

The Treasury order noted that both companies had been cited in the U.N. Security Council sanctions order of December 2006.

Treasury Department spokeswoman Molly Millerwise said the department could not comment directly on the dissident group's claims, but said the U.S. government was aware of the problem of companies trying to hide their identity to avoid penalties.

"Designated entities often try to conceal their identities and reconstitute themselves under new names, and we aggressively investigate and act against those attempting to evade the sanctions," she said.

Treasury agents are specifically charged with tracking down aliases, front companies and other ruses, she added.

State Department spokesman Sean McCormack said U.S. and allied sanctions were already having a real impact on Iran's economy. He said U.S. officials were watching carefully for efforts by Tehran to evade the sanctions.

"I think it's widely known that they are pretty clever in setting up corporations and moving their money around," Mr. McCormack said.

In addition to U.S. sanctions, the U.N. Security Council has twice sanctioned Tehran over its nuclear programs and the just-concluded Group of Eight summit in Germany threatened new "appropriate measures" if Iran did not suspend its uranium enrichment efforts.

Iran insists all its nuclear programs are for peaceful civilian uses and has defied international demands that it stop.

"Using the tool of sanctions and imposing isolation by some powers who claim to be democratic will not have an impact on the firm will of the government of the Islamic Republic of Iran to reach its obvious right," Foreign Ministry spokesman Mohammad Ali Hosseini told reporters over the weekend in Tehran.

In the Farayand case, according to the NCRI, Iranian officials simply renamed the firm the "Technology of Centrifuge of Iran Co.," relocating the headquarters to an office building in north Tehran. The name and address change came after a visit from the International Atomic Energy Agency, the United Nations' nuclear monitor.

The dissident group also said that Jafar Mohammadi, a senior Defense Ministry nuclear specialist, had recently been named to run the renamed firm.

Mr. Mohammadi was one of seven Iranians named in the December U.N. sanctions order, listed as a technical adviser to the Atomic Energy Organization of Iran, which oversees all Iranian nuclear programs and reports directly to hard-line President Mahmoud Ahmadinejad.

<http://www.washtimes.com/world/20070612-115212-3769r.htm>

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