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 DE RUDKGPQ #5959 2620516
 ZNY CCCCC ZZH
 R 180515Z SEP 80
 FM AMEMBASSY THE HAGUE
 TO RUEHC/SECSTATE WASHDC 9332
 INFO RUFHOL/AMEMBASSY BONN 7310
 RUFHBS/AMEMBASSY BRUSSELS 8710
 RUSBQD/AMEMBASSY ISLAMABAD 0331
 RUFHUK/AMEMBASSY LONDON 7714
 RUSBAE/AMEMBASSY NEW DELHI 0345
 RUFHAU/AMEMBASSY VIENNA 1256

18 SEP 80
 TOR: 0917
 CN: 05692
 CHARGE: IAEA
 INFO: AMB
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ACTION COPY
 ACTION TAKEN: *noted*

BT
C O N F I D E N T I A L THE HAGUE 05959

BRUSSELS FOR USEEC
VIENNA FOR USIAEA

E.O. 12065: GDS 9/16/86 (REICHENBACH, A.) OR/E
 TAGS: PARM, TECH, ENRG, NL
 SUBJECT: THE KHAN AFFAIR: TUBING SUPPLIER IDENTIFIED

REF: THE HAGUE 1359

1. (U) THE GON REPORT TO THE PARLIAMENT LAST FEBRUARY (REFTEL) ON THE KHAN CASE MENTIONED THE EXPORT FROM THE NETHERLANDS OF 6500 TUBES OF A SPECIAL HARD TYPE OF STEEL WHICH HAD BEEN CITED AS BEING PARTS FOR A GAS CENTRIFUGE SYSTEM BEING BUILT IN PAKISTAN. THE SOURCE OF THE TUBES HAD NOT BEEN REVEALED IN THE REPORT (CHAPT. 4, PARA 4.4). THROUGH THE DILIGENCE OF A LAW STUDENT AT THE CATHOLIC UNIVERSITY OF TILBURG, THE NAME OF THE SUPPLIER OF THE TUBING HAS NOW COME TO LIGHT. THE STUDENT WROTE AN ARTICLE IN THE UNIVERSITY'S NEWSPAPER WHICH CITED THE VAN DOORNE TRANSMISSIE B.V. OF TILBURG AS HAVING SUPPLIED 6,200 STEEL TUBES (CENTRIFUGE CASINGS) IN 1976, SUITABLE FOR USE IN URANIUM ENRICHMENT, TO PAKISTAN FOR THE LATTER'S ULTRACENTRIFUGE PROJECT. THE STUDENT SAID THAT VAN DOORNE MADE THE DELIVERIES WITHOUT AN EXPORT LICENSE FROM THE MINISTRY OF ECONOMIC AFFAIRS AND THAT AT LEAST ONE ADDITIONAL DUTCH COMPANY HAS ALSO BEEN CITED AS BEING INVOLVED IN EXPORTS F SIMILAR MATERIALS TO PAKISTAN IN THE SAME PERIOD.

2. (U) THE VAN DOORNE COMPANY IS OWNED BY THE FORMER OWNERS OF THE DAF AUTOMOBILE/TRUCK PRODUCTION FACILITY. THEY SOLD OFF THE AUTOMOTIVE SEGMENT TO VOLVO AND THE TRUCK PLANT TO INTERNATIONAL HARVESTER IN 1974, KEEPING A PORTION OF THEIR OLD PLANT FOR DEVELOPMENT OF A NEW TRANSMISSION SYSTEM. THIS BUSINESS, DESPITE GON PARTI-:80-589, 9! 25 PERCENT (SUBSEQUENTLY CUT TO 12.5 PERCENT), HAS NEVER PROVED SUCCESSFUL.

3. (U) THE EXPORT OF THE TUBES HAD BEEN DESCRIBED BY THE GON AS A "PARTICULARLY GRAVE OFFENSE" IN ITS REPORT TO PARLIAMENT. A SPOKESMAN FOR VAN DOORNE SAID, AFTER THE RECENT EXPOSE, THAT HIS COMPANY RECEIVED THE ORDER FOR THE TUBES THROUGH THE PAKISTANI EMBASSY IN BONN.

ACT	INFO
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AE 13 EXPORT

HE SAID THAT THE EXPORTS HAD CEASED AFTER CUSTOMS OFFICIALS IN AMSTERDAM HAD FOUND THAT ABILL OF LADING FOR A SHIPMENT TO PAKISTAN DID NOT CORRESPOND WITH THE CONTENTS OF THE RELEVANT CASES WHICH CONTAINED THE TUBES. AN ECONOMICS MINISTRY SPOKESMAN SAID VAN DOORNE CONTINUED THE EXPORT OF TUBES TO PAKISTAN DESPITE ORAL AND WRITTEN WARNINGS FROM THE GOVERNMENT NOT TO DO SO.

4. (U) BECAUSE OF THE CURRENT INTEREST IN PARLIAMENT OVER THE SOURCE OF THE TUBES, HAMSTRA PIK, MANAGER OF VAN DOORNE, SAID IN A LATER PRESS STATEMENT THAT ON SEPTEMBER 19, 1979, SOME 300 TUBES WERE RETURNED BY CUSTOMS AT SCHIPHOL AIRPORT. "THEN WE NOTICED WE NEEDED AN EXPORT LICENSE. UP TO THAT TIME WE HAD DONE EVERYTHING VERY OPENLY ... NO SECRETS. THERE IS NO INVOLVEMENT OF MY FACTORY IN THE CONSTRUCTION OF THE ENRICHMENT FACTORY IN PAKISTAN. WE ONLY EXECUTED 5 OR 6 ORDERS FOR THE TUBES. THEY ARE VERY COMMON TUBES THAT CAN BE ORDERED ANYWHERE" HE SAID.

5. (C) FOLLOWING THE RECENT ANNOUNCEMENT, THE ECONCOUN CALLED ON C.F. BOUVEY OF THE ENERGY POLICY STAFF OF THE MINISTRY OF ECONOMIC AFFAIRS, WHO CONFIRMED THE ALLEGATIONS INVOLVING VAN DOORNE TRANSMISSIE. HE SAID THE FIRM WAS AWARE THE TUBES WERE BEING SHIPPED TO PAKISTAN AND THAT THE MATTER HAS NOW BEEN TURNED OVER TO THE STATE CRIMINAL INVESTIGATION DEPARTMENT FOR JUDICIAL INQUIRY. IT IS OUT OF THE HANDS OF HIS MINISTRY, ALTHOUGH AN ADMISSION OF NEGLIGENCE BY CUSTOMS HAS RESULTED IN A REPRIMAND BY HIS DEPARTMENT OF THE CUSTOMS DIVISION OF THE MINISTRY OF FINANCE. BOUVEY SAID THAT MUCH OF THE CASE DATES BACK SEVEN YEARS AND THEREBY CAUSES PROBLEMS IN DEVELOPING EVIDENCE AND TESTIMONY TO PROVE THAT THE DUTCH FIRM KNOWINGLY SHIPPED THE TUBES TO PAKISTAN FOR NUCLEAR APPLICATIONS. HE ADMITTED THAT THE EXPORT OF STEEL TUBING IS NOT GENERALLY CONTROLLED BY LICENSING; HOWEVER, TRADERS ARE EXPECTED TO BE AWARE OF THE POSSIBLE NUCLEAR APPLICATION OF SOME GOODS AND TO SEEK LICENSES ACCORDINGLY. BOUVEY INDICATED THAT THE INVESTIGATION WOULD TAKE ANOTHER MONTH TO COMPLETE, BUT IN THE MEANTIME STEPS ARE BEING TAKEN TO TIGHTEN CUSTOMS PERFORMANCE THROUGH CLOSER SCRUTINY OF DUAL-US ITEMS. JOSEPH
BT