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E.O. 12065: RDS-1, 8/26/00 (LES BROWN, OES)

TAGS: ENRG, TECH, MNUC, PARM, SZ

SUBJECT: PAPER ON ACTIVITIES BY SWISS FIRMS

1. (S) ENTIRE TEXT.

2. THE FOLLOWING IS THE TEXT OF THE NON-PAPER ON THE
ACTIVITIES OF SWISS FIRMS WHICH ARE SUPPORTING PAKISTAN'S
NUCLEAR PROGRAMS.

BEGIN TEXT:

THE PAKISTAN EFFORT TO ACQUIRE A NUCLEAR EXPLOSIVE
CAPABILITY AND ITS IMPLICATIONS FOR REGIONAL AND INTER-
NATIONAL SECURITY ARE OF GREAT CONCERN AT THE HIGHEST

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LEVELS OF THE UNITED STATES GOVERNMENT. PAKISTAN'S EFFORTS TO BUILD UNSAFEGUARDED ENRICHMENT AND REPROCESSING FACILITIES ARE EXTREMELY SERIOUS. THE UNITED STATES GOVERNMENT HAS REASON TO BELIEVE THAT THESE UNSAFEGUARDED ACTIVITIES ARE DESTINED TO PROVIDE FISSILE MATERIAL FOR PAKISTAN'S NUCLEAR EXPLOSIVE PROGRAM. THE UNITED STATES GOVERNMENT'S PRESENT ASSESSMENT OF PAKISTAN'S NUCLEAR PROGRAMS HAS BEEN MADE AVAILABLE TO THE SWISS GOVERNMENT. THE UNITED STATES GOVERNMENT KNOWS THAT THE GOVERNMENT OF SWITZERLAND SHARES THE CONCERN OVER THIS SERIOUS THREAT

TO INTERNATIONAL SECURITY.

IN THIS REGARD, THE UNITED STATES IS ALSO DEEPLY CONCERNED ABOUT PAKISTAN'S ABILITY TO CONTINUE TO OBTAIN EXPORTS WHICH CONTRIBUTE SIGNIFICANTLY TO ITS UNSAFEGUARDED ENRICHMENT AND REPROCESSING PROGRAMS. THE UNITED STATES HAS PREVIOUSLY PROVIDED THE GOVERNMENT OF SWITZERLAND WITH INFORMATION ON ASSISTANCE RENDERED BY SWISS FIRMS TO PAKISTAN'S SENSITIVE NUCLEAR PROGRAMS. MORE RECENT INFORMATION INDICATES PAKISTAN'S UNSAFEGUARDED NUCLEAR PROGRAMS ARE STILL RECEIVING A SUBSTANTIAL NUMBER OF SIGNIFICANT EXPORTS FROM SWISS FIRMS AT LEAST THROUGH JULY OF THIS YEAR.

THE FOLLOWING IS A BRIEF RECAPITULATION OF INFORMATION PREVIOUSLY MADE AVAILABLE TO THE SWISS GOVERNMENT CONCERNING SWISS FIRMS' SALES OF EQUIPMENT, MATERIALS AND TECHNOLOGY TO PAKISTAN FOR USE IN ITS SENSITIVE NUCLEAR FACILITIES, ALONG WITH ADDITIONAL INFORMATION REGARDING CONTINUED SUPPLY BY SWISS FIRMS OF MATERIAL, EQUIPMENT AND OTHER SALES TO PAKISTAN.

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IN APRIL AND SEPTEMBER 1979, THE UNITED STATES GOVERNMENT PROVIDED THE GOVERNMENT OF SWITZERLAND WITH INFORMATION CONCERNING SULZER BROTHERS' INVOLVEMENT IN A REPROCESSING LABORATORY AT THE PAKISTAN INSTITUTE OF SCIENCE AND TECHNOLOGY. IN AUGUST 1979 THE UNITED STATES GOVERNMENT ALSO PROVIDED THE GOVERNMENT OF SWITZERLAND WITH SPECIFIC INFORMATION CONCERNING THE ACTIVITIES OF A FIRM, LUWA A.G., WHICH WE HAD REASON TO BELIEVE WAS PROVIDING ENGINEERING ASSISTANCE, EQUIPMENT AND START-UP COMMISSIONING SERVICES FOR AN IRRADIATED WASTE SYSTEM FOR PAKISTAN'S REPROCESSING FACILITY.

CONCERNING PAKISTAN'S UNSAFEGUARDED REPROCESSING PROGRAM, THE UNITED STATES GOVERNMENT HAS REASON TO BELIEVE THAT SULZER BROTHERS, LTD. AND LUWA A.G. ARE CONTINUING TO PROVIDE ASSISTANCE TO A PAKISTANI REPROCESSING FACILITY UNDER CONSTRUCTION AT PINSTECH. THE UNITED STATES GOVERNMENT BELIEVES THAT THIS FACILITY, NAMED THE NEW LABS, WILL BE ABLE TO SEPARATE A SIGNIFICANT AMOUNT OF PLUTONIUM ANNUALLY.

THE UNITED STATES GOVERNMENT BELIEVES IN PARTICULAR, THAT SULZER IS CONTINUING TO WORK ON THE VENTILATION AND GLOVE-BOX SYSTEMS, AND THAT FOR ONE AND HALF YEARS, UNTIL APRIL 1980, SULZER MAINTAINED AT LEAST ONE RESIDENT ENGINEER AT THIS FACILITY. SULZER ALSO SENT A NUMBER OF ENGINEERS TO THIS FACILITY AND, AS OF JUNE 1980, WAS TO SUPPLY VALVES,

GLOVE-BOX PARTS, AND SPECIAL VENTILATION SYSTEM PARTS TO COMPLETE THIS FACILITY. THE UNITED STATES GOVERNMENT HAS REASON TO BELIEVE THAT SULZER MAY ALSO BE HELPING PAKISTAN COMPLETE ITS LARGER REPROCESSING PLANT UNDER CONSTRUCTION AT CHASMA.

DURING THE LAST YEAR AND A HALF, THE UNITED STATES GOVERNMENT HAS PROVIDED THE GOVERNMENT OF SWITZERLAND WITH
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INFORMATION THAT SWISS COMPANIES, ESPECIALLY VAT AND CDRA, HAVE PROVIDED ASSISTANCE TO PAKISTAN'S UNSAFEGUARDED ENRICHMENT FACILITY. THE UNITED STATES GOVERNMENT PREVIOUSLY INFORMED THE GOVERNMENT OF SWITZERLAND THAT CORA ENGINEERING HAS DELIVERED A COMPLETE INSTALLATION FOR FEEDING URANIUM HEXAFLUORIDE INTO THE PAKISTANI URANIUM ENRICHMENT PLANT. IN AUGUST 1979, THE GOVERNMENT OF SWITZERLAND WAS PROVIDED WITH OTHER SPECIFIC INFORMATION CONCERNING THE ACTIVITIES OF CORA ENGINEERING. THE INFORMATION STATED THAT CORA IS WORKING AS THE PRIMARY CONTRACTOR AND CONSULTANT FOR PAKISTAN'S ENRICHMENT PROGRAM, AND PROVIDING EQUIPMENT WHICH WAS SPECIALLY DESIGNED AND PREPARED FOR PAKISTAN'S ENRICHMENT FACILITY. THE UNITED STATES GOVERNMENT INDICATED AT THAT TIME THAT SOME OF THE COMPONENTS AND EQUIPMENT WERE CONSIDERED SENSITIVE AND SUBJECT TO THE MAXIMUM POSSIBLE CONTROL (I.E. SECURITY CLASSIFICATION) BY GOVERNMENTS WITH NATIONAL CENTRIFUGE PROGRAMS.

THE UNITED STATES GOVERNMENT BELIEVES THIS TYPE OF ACTIVITY IS CONTINUING. WE HAVE REASON TO BELIEVE THAT CORA HAD ASSIGNED A RESIDENT ENGINEER TO PAKISTAN'S ENRICHMENT PROGRAM FOR SOME TIME (HE DEPARTED BY EARLY NOVEMBER 1979) AND THAT CORA HAS SENT ADDITIONAL EXPERTS TO PAKISTAN IN NOVEMBER AND DECEMBER 1979, AND IN JANUARY, MARCH, AND JUNE 1980.

THE UNITED STATES GOVERNMENT HAS REASON TO BELIEVE THAT A SWISS COMPANY HAS BEEN INVOLVED IN PROVIDING PAKISTAN WITH 500 ROTORS IN THE SPRING OF 1980 AND THAT THESE ITEMS MAY HAVE BEEN FOR USE IN GAS CENTRIFUGES FOR NUCLEAR ISOTOPIC ENRICHMENT. CONSTRUCTION OF SUCH ROTORS WOULD REQUIRE THE USE OF INFORMATION WHICH IS CLASSIFIED BY

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COUNTRIES WITH CENTRIFUGE PROGRAMS. WHILE THE UNITED STATES GOVERNMENT IS NOT ABLE TO IDENTIFY THE FIRM, THIS EQUIPMENT IS VERY IMPORTANT AND WARRANTS FOLLOW-UP BY THE GOVERNMENT OF SWITZERLAND.

THE UNITED STATES GOVERNMENT HAS REASON TO BELIEVE THAT SWISS FIRMS, INCLUDING SCHWEIZERISCHE ALUMINUM AG, ARE PROVIDING EQUIPMENT FOR THE PAKISTAN ENRICHMENT PROGRAM

THROUGH INTERMEDIARIES IN KUWAIT. IT IS POSSIBLE, HOWEVER, THAT SCHWEIZERISCHE ALUMINUM AG IS UNAWARE OF A PAKISTANI CLANDESTINE NUCLEAR ENTITY BEING THE END USER. THE UNITED STATES GOVERNMENT HAS REASON TO BELIEVE THAT THE FOLLOWING SWISS FIRMS HAVE CONTINUED TO BE SOURCES OF ASSISTANCE FOR THE PAKISTANI ENRICHMENT PROGRAM: ADVANCED TECHNICAL SERVICES GMBH; VAT (PROVIDING TECHNICAL ASSISTANCE RELATING TO VALVES IT HAS SUPPLIED); CORA ENGINEERING CHUR AG (VALVES AND COOLING SYSTEM EQUIPMENT); AND STARRFRASMASCHINEN AG.

IN OCTOBER, THE UNITED STATES GOVERNMENT WAS INFORMED BY SWISS GOVERNMENT OFFICIALS THAT THE SWISS GOVERNMENT WAS TAKING STEPS TO PROHIBIT ANY SWISS FIRMS FROM PARTICIPATING IN OR MAKING SALES TO PAKISTAN'S NUCLEAR PROGRAMS. THE UNITED STATES GOVERNMENT ALSO UNDERSTOOD FROM GOVERNMENT OF SWITZERLAND EXPERTS THAT IN LATE OCTOBER VAT HAD STATED THAT ITS LAST DELIVERY OF SPECIALLY MADE VALVES HAD BEEN MADE IN SEPTEMBER AND THAT NO FURTHER ORDERS WOULD BE ACCEPTED OR DELIVERIES MADE. THE UNITED STATES GOVERNMENT STILL HAS REASON TO BELIEVE THAT, LATE AS MAY 1980, CORA ENGINEERING AND POSSIBLY VAT OR INDIVIDUALS ASSOCIATED WITH THE TWO FIRMS HAVE SUPPLIED PAKISTAN'S ENRICHMENT PROGRAM WITH VALVES AND ENTERED INTO CONTRACTS WORTH SEVERAL MILLIONS OF DOLLARS.

THE UNITED STATES GOVERNMENT STRONGLY URGES THAT THE
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GOVERNMENT OF SWITZERLAND TAKE ACTIONS TO ENSURE CONTROL
OF EXPORTS AND OTHER TYPES OF ASSISTANCE TO PAKISTAN'S
NUCLEAR PROGRAMS.

END TEXT. MUSKIE

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