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EO 12065: RDS-1 2/17/2009 (GUHIN, MICHAEL) DES/NET/NEP TAGS: [ECH, MNUC, ENRG, PK, FRG, US SUBJ: (5) US-FRG BILATERAL ON PAKISTAN NUCLEAR PROGRAM

(S ENTIRE TEXT) SUMMARY: AFTER DETAILED PRESEN-TATION ALONG LINES USED IN THE HAGUE, FRG RECEIVED US APPROACH ON SPECIFIC GERMAN CUMPANIES INVOLVED IN PAKISTANI ENRICHMENT PROGRAM AND PROMISED TO FOLLOW-UP AND REPORT RESULTS. MEETING MARKED BY USEFUL EXCHANGE OF INFORMATION ON EXPORT CONTROL PROBLEMS, WITH BOTH SIDES ANTICIPATING CONTINUED CONSULTATIONS UN PAK PROBLEM AND JOINT REVIEW OF CRITICAL ITEMS FOR CONTROL OF GAS CENTRIFUGE TECHNOLUGY, AS WELL AS GENERAL "GREY AREA" ISSUE. FRG SIDE GENERALLY SYMPA-THETIC TO US INITIATIVE AND NEED TO DO WHAT POSSIBLE TO CONTROL SUPPLY TO PAK PROGRAMS. ALSO ROUGET WAS APPRECIATIVE OF INFORMATION ON US DEMARCHE IN ISLAMABAD, WHICH WAS PASSED TO HIM IN PRIVATE, WITH PROMISE OF SECRET



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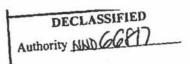
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CONTINUED CONSULTATIONS. END SUMMARY

US FEAM (GUMIN, POWERS, GALUCCI), ACCOMPANIED BY SCICOUNS V N DER MEYDEN, MET WITH RUUGET AND HEHRENDERG (MFA), CZYGAN AND GRUBER (RMFT), AND HEIN (MFA). AFTER PRESENTATION OF PROBLEM AND US APPROACH AND CONTROLS BY GUHIN, ROUGET SET TONE OF MEETING FROM MFA PERSPECTIVE BY NOTING THAT GOVERNMENT NEEDED "AMMUNITION" TO CONVINCE INDUSTRY (AND BY IMPLICATION MEA) OF NEED TO IMPROVE NUCLEAR EXPORT CONTROL, INCLUDING INFORMAL APPROACHES TO INDUSTRY ON SPECIAL CASES SUCH AS PAKISTAN WHERE ITEMS NOT FORMALLY CONTROLLED. (AS ADVISED BY EMBASSY BEFORE MEETING, THERE WAS SOME VARIANCE OF VIEW BETWEEN MEA AND MFA ON MATTER.) ROUGET CITED RECENT EXPORT CASE OF WATER PUMPS FOR RESEARCH REACTOR AS EXAMPLE OF RESPONSIBLE FRG EXPORT POLICY. ALTHOUGH FRG DID NOT CONSIDER FULL-SCOPE SAFEGUARDS A COMMENSU-RATE REQUIREMENT FOR PUMPS, AFTER CONSULTATION WITH US (NOSENZO), FAG DECIDED TO REQUIRE APPLICATION OF

PUMPS. ROUGET WENT ON TO OUTLINE GERMAN EXPORT PHILOSDPHY AS FAVORING "FREE EXPORT" GUIDED BY REQUIREMENTS
OF NATIONAL INTEREST, WHICH IN TURN IS ASSESSED BY
REFERENCE TO (A) NPT OBLIGATIONS, (b) STABILITY OF
RECIPIENT COUNTRY AND REGION, (C) VIEWS OF ALLIES SUCH
AS US AND (D) OTHER KEY SUPPLIER COUNTRIES. TO BE ABLE
TO DEAL WITH SITUATION WHERE RECIPIENT PURCHASED INDIVIDUAL ITEMS WHICH ARE NOT CONTROLLED BELAUSE OF POTENTIAL
OR ACTUAL DUAL- OR MULTI-USES, BUT WHICH STILL MAY BE
ASSEMBLED INTO SENSITIVE NUCLEAR FACILITY, ROUGET NOTED
THAT FRG MAY MOVE TOWARD CONSIDERATION OF END-USE OF
ITEMS AS PART OF DETERMINATION IN EXPORT DECISIONS.
GUHIN OBSERVED THAT US HAD FOUND ENO-USE CRITERIA AND
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3. AS IN OTHER CAPITALS GUHIN DESCRIBED NEED TO SHARE INFORMATION ON PAK SHOPPING EFFORT TO GET CLEARER PICTURE OF WHERE THEY ARE IN THE PROGRAM, WHERE THEY MIGHT BE GOING NEXT, PARTICULARLY IN OUTSIDE SUPPLY, AND TO ENSURE AGAINST DUTSIDE HELP TO PROGRAM, WHILE NOTING USEFILNESS OF FRG CENTRIFUGE EXPERIENCE IN COOPERATIVE EFFORT TO CONTROL SUDDLY TO PAKS. POWERS THEN DESCRIBED PROBABLE NATURE OF PAK CENTRIFUGE PROGRAM BASED ON SHOPPING EFFORT AND LISTED ITEMS US BELIEVES ARE CRITICAL TO THIS PROGRAM. FRG CENTRIFUGE EXPERT CZYGAN RESPONDED THAT PAY MACHINES SELMED SIMILAR TO "EARLY VINTAGE" (196015) URENCO DESIGN AND THAT URENCO WAS NOW MUCH MORE SOPHISTICATED. CZYGAN AGREED WITH POWERS POINT, HOWEVER, THAT TECHNOLOGY LEVEL INVOLVED IN "EARLY URENCO" IS ADEQUATE FOR PAKS TO PROVIDE HIGH-ENRICHED PRODUCT FOR AN EXPLOSIVES CAPABILITY. CZYGAN ALSO STATED THAT CRUDE PAK DESIGN MAY COMPLICATE EXPORT CONTROL SINCE SOME RELEVANT ITEMS MAY BE DUAL-USE AND NOT COME UNDER FORMAL EXPORT CONTROLS. ROUGET SAID THAT UNDER CIRCUMSTANCES NEED SECRET



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WAS TO DETERMINE ITEMS REQUIRING CONTROL AND COMPANIES CAPABLE OF SUPPLYING SUCH ITEMS. WITH THIS INFORMATION, EVEN IF LEGAL MECHANISM FOR CONTROL WERE INADEQUATE, GOVERNMENT COULD APPROACH COMPANIES AND EXPLAIN CONCERN OVER EXPORT. ROUGET NOTED THAT THIS STRATEGY HAD BEEN SUCCESSFUL IN RECENT CASE INVOLVING PROPOSED EXPORT OF COMPRESSORS TO INDIA. ROUGET PICKED UP ON THEME IN US PRESENTATION THAT GOVERNMENT SHOULD BE AWARE OF ANY PROPOSED AND PAST EXPORTS TO PAK PROGRAM AND DO WHAT PUSSIBLE TO CONTROL INFORMALLY WHEN ITEMS NOT COVERED BY ESTABLISHED EXPORT CONTROLS.

WHEN GUHIN PASSED INFORMATION ON TEAM INDUSTRIES AND LEYBOLD-HEREAUS, HEIN SAID THAT TEAM INDUSTRIES WAS MERELY INTERMEDIARY AND THAT EXPORT CONTROL RESPON-SIBILITY RESTED WITH GOVERNMENT OF COUNTRY IN WHICH ITEMS WERE PRODUCED SINCE ITEMS WERE NOT EXPORTED TO THE FRG (E.G., INVERTERS WERE OF UK ORIGIN AND NEVER CAME INTO FRG.) US SIDE INQUIRED WHETHER (A) FRG KNEW IF TEAM INDUSTRIES INFORMED SUPPLYING COMPANIES THAT PAKISTAN WAS ULTIMATE RECIPIENT AND REVEALED END-USE (IF ANY) SO THAT PRODUCING COUNTRY COULD EXERCISE RESPONSIBILITY, AND (B) WHETHER TEAM INJUSTRIES COULD SUPPLY ADDITIONAL INFORMATION ABOUT PAK SHOPPING DY VIRTUE OF ROLE AS INTERMEDIARY AND FUNNEL. FRG DID NOT HAVE ANSWERS TO THESE QUESTIONS. CUISCUSSION ENSUED BETWEEN MEIN AND ROUGET IN WHICH FORMER UNDER-LINED LIMITED MEA EXPORT AUTHURITY WHILE LATTER NUTED THAT NSG TRIGGER LIST LACKED ANY MEANING IF THERE WAS NO WAY OF CONTROLLING INDIVIDUAL ITEMS FALLING BELOW THRESHOLD THAT COULD NEVERTHELESS BE ASSEMBLED INTO GAS CENTRIFUGE MACHINES.) US SIDE OBSERVED THAT RE-SPONSIBLE SUPPLIER CONTROLS WOULD REQUIRE CONSULATIONS SECRET



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OF KIND NOW UNDERTAKEN IF PROBLEM, INCLUDING THAT OF RECIPIENT PURCHASE BY "DUMMY COMPANIES"THROUGH INTEX-MEDIARIES, WAS TO BE DEALT WITH EFFECTIVELY. POUGET SUMMED UP DISCUSSION ON TEAM INDUSTRIES WITH VIEW THAT EVEN WHEN EXPORT COULD NOT BE PROHIBITED BY LICENSING REQUIREMENT, GOVERNMENT KNOWLEDGE OF PROPOSED EXPORT COULD LEAD TO RESTRAINT THROUGH INFORMAL CONTACTS AND WOULD AT LEAST INCREASE SUPPLIER AWARENESS OF NASCENT SENSITIVE PROGRAMS. COMMENT: IT IS NOT CLEAR WHAT ACTION CAN NOW BE EXPECTED BY FRG IN TEAM INDUSTRIES CASE. IF NO RESPONSE IS FORTHCOMING, FULLOW-UP ALONG LINES OF ABOVE TWO GUESTIONS WOULD SEEM APPHOPRIATE.

5. IN CONTRAST TO TEAM INDUSTRIES CHARACTERIZATION, FRG NOTED THAT LEYBOLD-MEREAUS WAS WELL RESPECTED FIRM, WITH SOME INVOLVEMENT IN URENCO CUNTRACTS, AND MAD CAPABILITY OF SUPPLYING ITEMS WHICH COULD HELP PAK CENTRIFUGE PROGRAM (E.G., VACUUM AND OTHER EQUIPMENT) ALTHOUGH THESE WOULD NOT NECESSARILY BE "ESPECIALLY PREPARED" FOR GAS CENTRIFUGE AND THEREFORE UNDER CONTROL SYSTEM. ROUGET NOED THAT GOVERNMENT WOULD APPROACH LEYBOLD-HEREAUS AND OBSERVED THAT, AS IT WAS A LARGE PRESTIGIOUS COMPANY WITH SOME GOVERNMENT CONTRACTS IT WOULD LIKELY BE RESPUNSIVE TO APPROACH FROM GOVERNMENT BASED ON NATIONAL INTEREST. ROUGET SAID HE WOULD TELL US OF RESULTS OF APPROACH TO LEYBOLD-HEREAUS, AODING THAT HE SHARED OUR VIEW ON CONTINUING DIALOGUE ON EXPORT CONTROL PROBLEMS

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IN COURSE OF DISCUSSIONS FRG ASKED FOLLOWING SPECIFIC QUESTIONS ABOUT US KNOWLEDGE OF PAK ENRICHMENT PROGRAM: (A) DO PAKS HAVE THE NECESSARY TECHNOLOGY? (H) HOW MANY SCIENTISTS AND TECHNICIANS ARE INVOLVED? (C) HOW FAR ALONG IS PROGRAM? US SIDE ANSWERED ALONG SIMILAR LINES AS IN OTHER CAPITALS INDICATING BELIEF THAT (A) TECHNOLOGY HAD BEEN ACQUIRED BUT LOW LEVEL OF TECHNICAL SOPHISTICATION MADE INTERRUPTION OF FOREIGN SUPPLY ALL THE MORE CRITICAL; (8) QUANTITIES OF MATERIALS PURCHASED STRONGLY SUGGESTED WELL FUNDED PROGRAM AIMED AT PRODUCTION CAPABILITY NOT JUST LABORATORY-SCALE OPERATIONS; AND (C) EFFORT HAD BEEN UNDERWAY FOR AT LEAST A COUPLE OF YEARS, THOUGH IT WAS VERY LIKELY STILL VULNERABLE TO SUPPLIER ACTIONS. US TEAM REEMPHASIZED THAT, EVEN IF ULTIMATE SUCCESS IN PAK PROGRAM COULD NOT BE PREVENTED BY SUPPLIER CONTROL, THIS COULD BUY IMPORTANT TIME FOR DIPLOMACY TO WORK ON TURNING PAK PRUGRAM APOUND.

7. OVER COURSE OF DISCUSSION ROUGET REFERRED TO CON-SECRET



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NECTION BETWEEN SUPPLIER COOPERATION OF THE KIND US SOUGHT, AND WHICH HE ENDORSEO, TO COMING INTENSIFICATION OF NPT ARTICLE IV COMPLAINTS BY RECIPIENT COUNTRIES. ON ONE HAND, HE FEARED SUPPLIERS RISKED UNRAVELLING OF NPT AT REVIEW CONFERENCE IF THEY DID NOT PROCEED CAUTIOUSLY; ON THE OTHER HAND, HE RECOGNIZED NEED TO CONTROL EXPORTS FOR SENSITIVE APPLICATIONS. HE CONCLUDED THAT IT MAY BE NECESSARY FOR SUPPLIERS TO EXPANO CONSENSUS ON WHAT IS LEGITIMATE RESTRAINT IN NUCLEAR EXPORT POLICY.

ROUGET ALSO INGUIRED AS TO HOW US APPROACH UN THIS MATTER WAS BEING RECEIVED BY OTHER COUNTRIES WHICH HAD FIRMS CAPABLE OF SUPPLYING ITEMS FOR PAK SENSITIVE PROGRAMS. GUHIN NOTED THAT OTHER COUNTRIES APPROACHED WERE RECEPTIVE TO US APPROACH AND NEED TO DU WHAT POSSIBLE (IN INFORMAL WAYS IF FORMAL MECHANISMS DID NOT COVER ITEMS) TO CONTROL SUPPLY. TO PAK SENSITIVE PROGRAMS. AS PRESENTED IN OTHER CAPITALS, GUHIN UNDERLINED THAT WHILE CURRENT INFORMATION FOCUSED ON PAK CENTRIFUGE EFFORT, WE NEEDED TO KEEP WATCH AND CONTROL OVER SUPPLY TO OTHER PAK EFFORTS IN SENSITIVE AREAS, AND WE DESIRED TWO-WAY INFORMATION SHARING SO THAT WE COULD BENEFIT FROM FRG PERSPECTIVE AND ANY RELATED INFORMATION IT DEVELOPED (INCLUDING BUT ALSO GOING BEYOND TWO COMPANIES MENTIONED).

9. FOLLOWING THE MEETING GUHIN AND VAN DER WEYDEN MET PRIVATELY WITH ROUGET TO INFORM HIM OF US DEMARCHE IN ISLAMARAD ALONG SAME LINES AS JACOMET WAS INFORMED AND DUR INTENTION TO KEEP FRG APPRISED AS MATTERS DEVELOP. ROUGET APPRECIATED US KEEPING FRG INFORMED OF DEVELOPMENTS ON PAKISTAN NUCLEAR SITUATION, AND STRESSED SECRET



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VALUE OF CONTINUED COOPERATION IN THIS MATTER.

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