

Nuclear Non-Proliferation Concerns and Export Controls in Russia

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Leakage of sensitive nuclear or nuclear-related equipment, materials, or technology from Russia remains a troubling concern. Such leakage may have contributed or could contribute significantly to the nuclear weapons programs of Iraq, Iran, or North Korea. It could also allow terrorists to obtain items needed to turn plutonium or highly enriched uranium into nuclear weapons.

Nuclear proliferation depends on illicit foreign assistance. Proliferant states are adept at exploiting weak or poorly enforced export controls in supplier states. In the past, many Western countries have been the source of items vital to the nuclear weapons programs of developing countries, including Pakistan, India, Iraq, and Iran. Russia must, unfortunately, be viewed as a current target for proliferant states and terrorist groups in their quest to obtain the ability to make nuclear weapons.

Russia has made great progress in improving its system of laws and regulations to license and control its sensitive exports. But it faces major problems in implementing its system of controls. Lack of resources, inadequate company internal compliance systems aimed at stopping illicit exports, a poor export control culture, and a desperate emphasis on commerce slow progress on the creation of an effective export control system.

Russia is not the first country to confront these challenges. One has only to remember West Germany and Switzerland in the 1980s to discover similar problems. Fortunately, these countries had the necessary resources to fix deficiencies in their export control systems.

Russia, however, lacks sufficient resources to implement its own export control laws and regulations and has a growing and influential business culture that disdains such controls. As a result, the United States and Western allies must provide both the pressure to reform the Russian system and much of the resources required to do so. Assistance, so far, has been insufficient to solve the task at hand.

The concerns and views I express today are based on my investigations of secret nuclear weapons programs and the critical role of illicit foreign procurement to these programs. I have studied Iraqi procurement methods for many years, particularly during the 1990s when I cooperated with the International Atomic Energy Agency (IAEA) Action Team that was responsible for carrying out inspections in Iraq. I currently lead an ISIS project in Russia that works with Russian export officials to improve appreciation of the importance of export controls, develop a deeper understanding of how illicit procurement occurs, and give Russian enterprises the tools they need to implement export controls in Russia more effectively. Many of the comments I will make today about Russia's export control system reflect participation in this project.

Russian Progress and Problems

Russia has made great progress in creating nuclear and nuclear-related export control laws and regulations following the demise of the Soviet Union. The legal structure has been developed with extensive assistance from the U.S. government and the non-governmental community. The highest levels of the Russian government are committed to the creation of an effective export control system aimed at stopping enterprises and individuals from conducting illegal or otherwise damaging exports. Many positive steps have been taken toward full implementation of this system.

However, creating an adequate Russian export control system remains complicated and urgent. Significant problems must be overcome if Russia is to implement an effective system. Problems that ISIS staff has encountered include:

- An overemphasis on obtaining sales and exports without adequately weighing the security problems that could be caused by a sensitive export. Too many Russians view sales as essential to the survival of enterprises and

export controls as hindering those sales. One official put the situation starkly for smaller companies—the choice for the company is either “money or life;”

- An environment or culture at enterprises that does not adequately emphasize the harm of illicit exports;
- A shortage of effective internal compliance systems at Russian enterprises. Larger enterprises, particularly those with nuclear experts, are creating internal compliance systems, but they remain in need of assistance to make them effective. Many smaller enterprises, particularly those outside Moscow, often lack rudimentary knowledge of the laws and regulations and cannot afford to create an internal compliance system;
- Inadequate education and training opportunities for employees at enterprises who must ensure that exports are legal and for students who will become the next generation of export control officials;
- A dearth of information at Russian enterprises that would enable sellers to check on end users in foreign countries. One Russian export control official said that more than 90 percent of all Russian enterprises do not have books or other resources to research the companies buying their items. Thus, a seller has a difficult time checking whether the information provided by the customer is true or reliable. Another senior Russian official stated that this problem is already hard to deal with in the United States and Europe, and it is much harder to cope with in Russia.
- The need for improved controls over the sale of Minatom nuclear assets. This problem can be traced to the general problem in Russia of tracking and controlling the resale of items to buyers within Russia that may subsequently export them; and
- Inadequate enforcement of violators of export control laws. For example, many potential violators work at enterprises owned by the Russian government. As a result, Russia may not prosecute them adequately to discourage similar behavior by others. A “slap on the hand” may be the only outcome, particularly if the case is limited to an administrative inquiry at the government-owned enterprise.

My personal observation is that many officials in Russia are overly confident that Russia will not export illicit nuclear items, although many of them recognize the above problems. If they concede that such exports could happen, some of these officials add that the proliferant states receiving the item could not build nuclear weapons regardless. This failure to recognize the possibility or consequences of illicit sales is too common. Because all countries seeking nuclear weapons in the last thirty years have depended extensively on foreign assistance, these statements border on the irresponsible and illustrate the lack of a culture supporting export controls in Russia.

Given all these problems, significant illicit or questionable sales are bound to occur unless more is done to strengthen Russia’s export control system. Under current conditions, the Russian government may be inadvertently encouraging the export of sensitive items to clandestine nuclear weapons programs.

Russia is not unique in dealing with these problems. Many Western countries have had to learn the hard way that commercial interests cannot be placed above strategic interests.

Germany in the 1980s, for example, had a weak export control system. Its companies provided a large number of sensitive items to Iraq’s nuclear weapons program. Although many of these companies knew that the exports were illegal, the government shared in part of the blame for these companies actions because of its emphasis on encouraging exports and not devoting adequate resources to its export licensing system. Similar cases can also be found in the United States and Britain.

A key lesson of the German cases is that violations do occur. Proliferant states and terrorist groups seek to identify and exploit weaknesses in countries’ export control systems. In response, countries must vigorously prosecute violators to deter future violations. To minimize exploitation of the system, loopholes in laws and regulations need to be fixed; internal compliance systems must be improved; and vigilance and political will must be sustained.

U.S. Assistance Remains in Our Interest

U.S. assistance has been critical to improving export controls in Russia. This assistance reduces the risk that states such as Iran and Iraq will obtain nuclear weapons.

Russian officials responsible for creating and implementing export control laws view U.S. assistance positively and know it is important to the success of their efforts. ISIS’s experience working in Russia is that U.S. assistance has already played a vital role in improving Russian export controls and remains critical as efforts shift to the implementation of Russia’s export control laws and regulations.

Toward that end, and reflecting ISIS’s experience, I would like to make the following recommendations:

- U.S. and other Western governments need to continue stressing that stopping the spread of nuclear weapons, other weapons of mass destruction, and ballistic missiles is a key goal of the United States and the international community, and that effective national export control systems are a necessary part of working toward that goal;
- U.S. and other Western governments need to make a long term commitment to assist Russia create and implement an adequate export control system; and
- The United States needs to commit additional funding and expertise to help Russia implement its export control system. Immediate priorities include creating effective internal compliance systems and developing adequate practices to ensure that end users are legitimate and verified. An on-going priority is ensuring adequate education and training of Russian government and enterprise personnel in export control laws, regulations, and methods.

Iran

One cannot work in Russia without confronting arguments about Russia's nuclear assistance to Iran's nuclear weapons program. There is no more controversial issue between the United States and Russia. This problem is even more difficult, because according to a former Russian official, over 95 percent of Russian exports are by government-owned enterprises or agencies.

For the sake of brevity, the issue can be reduced to a series of questions. Has the Russian government consciously approved exports to Iran's nuclear weapons program? Are Russian individuals assisting Iran's nuclear weapons program with their government's blessing? Does the Russian government turn a "blind eye" to such exports and assistance? Alternatively, have any such exports and assistance resulted from general chaos in the Russian export control system, and thus they have been inadvertent?

I do not know the answers to these questions, but, at a minimum, weaknesses in the Russian export control system have made Iranian procurement for its nuclear weapons program significant easier. In addition, the lack of clear answers to these questions enormously complicates cooperative efforts to strengthen Russian export controls.

Russian officials typically deny that any of its exports go to a secret Iranian nuclear weapons program. They often express the view that the United States has singled Russia out unfairly and has a double standard in dealing with proliferant states such as Iran. One official stated recently that the United States pressured a Russian enterprise not to provide a general-use furnace to Iran, but he had seen a similar furnace in Iran provided by Germany, an export he believes had U.S. support. We are all aware of Russia's anger at the United States over the Bushehr reactor.

Looking forward, the United States will need to continue pressing its concerns that Russian assistance, whether deliberate or inadvertent, is aiding Iran's nuclear weapons program. As important, the United States needs to maintain and increase its financial aid as Russia creates a robust, effective export control system. This system must exist in an export culture that supports the idea that exports to secret nuclear weapons programs are bad for business and dangerous for the world.

Conclusion

U.S. non-proliferation interests motivate cooperation with Russian officials and experts to build a strong Russian nuclear and nuclear-related export control system. Developing adequate controls in Russia is challenging and will require extensive U.S. assistance. The major benefit is that states such as Iran and Iraq will not find Russia the most attractive "nuclear supermarket" as they shop the world for items needed in their quest to build nuclear weapons.

An effective Russian control system can stop many dangerous exports and increase U.S. and international security. Although export controls alone cannot stop nuclear proliferation, they can make proliferation more difficult, time consuming, and costly, both politically and financially. Delaying a country from proliferating can buy time for more fundamental political changes to occur that will stop or dissuade a country from obtaining nuclear weapons.