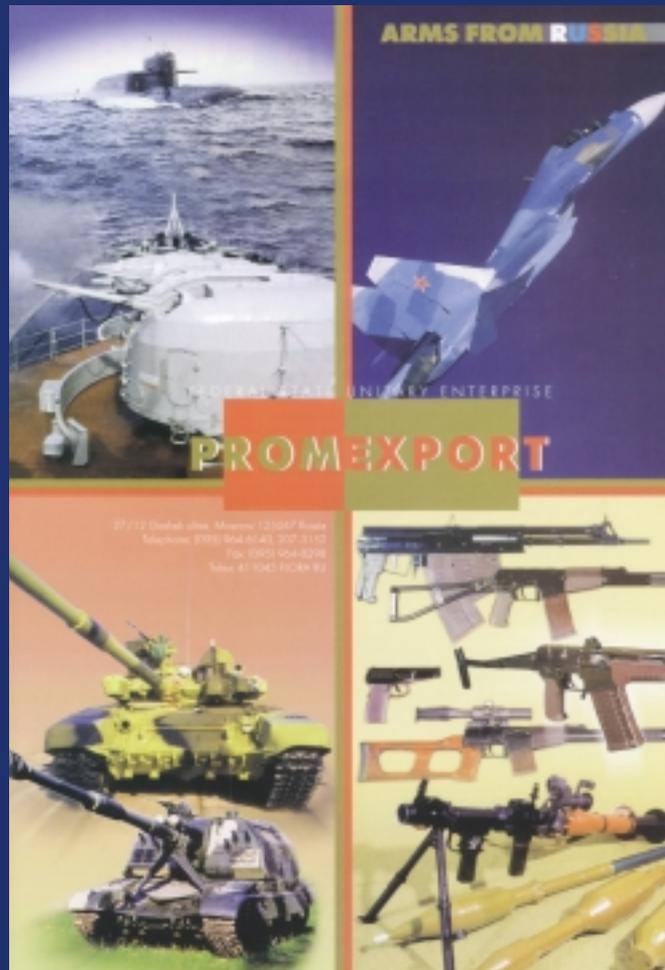


CHAPTER 9

WEAPONS PROLIFERATION FEEDS A CORRUPT AND CASH-STARVED SYSTEM



ARMS FOR SALE: One of the few success stories of the Soviet Union was its development of a powerful military-industrial complex, which survived the collapse because of its ability to continue to sell weapons and because its Russian workers were among the most highly-trained in the nation. In the absence of market development, Russia has depended on international arms sales to raise much-needed cash. Moscow has shown a willingness to sell some of its most advanced weapon systems currently in mass production. A number of these weapons are specifically designed to destroy U.S. systems. Russia's customers include many nations that threaten U.S. interests. Russia's urgent need for hard currency has resulted in weapons proliferation that may even run counter to Russia's long-term strategic interests.



[O]n proliferation, the picture that I drew last year has become even more stark and worrisome. ... The missile threat to the United States from states other than Russia or China is steadily emerging. The threat to U.S. interests and forces overseas is here and now.

George Tenet, Director of Central Intelligence, February 2, 2000

The failure of the Clinton administration's economic strategy for Russia has had profound implications for Russian proliferation of weapons and technology, and therefore for America's supreme national interests.

Between 1992 and 1999, the Russian economy contracted 25%. Currently, 11.5% of the 73.6 million working-age citizens are officially unemployed, compared with only 4.8% in 1992. Rampant corruption has slashed government revenues and diverted government expenditures. The complete collapse of Russia's economy in 1998 saw industrial and agricultural output drop sharply. Investment in Russia continues to suffer as capital flight cripples the private sector.

Russia's failure to create a working free enterprise system has stalled conversion of the hypertrophic military sector of the economy.¹ It has also ensured that, just as in Soviet days, virtually the only industry in which Russia enjoys a true comparative advantage in global markets is military hardware, weaponry, and related technologies.

Russia's economic failure has created urgent economic incentives for its military-industrial complex, individual military units, research facilities, and design bureaus, as well as for the individual officers, soldiers, bureaucrats, and scientists who comprise these institutions, to sell even extraordinarily sensitive weapons and technology.

Over time, official Russian policy has conformed to these exigencies. Aided by the collapse of American popularity in Russia and the discrediting of pro-American politicians as the Clinton administration economic program failed, militantly anti-American elements in the Russian foreign and security-policy elites have succeeded in dramatically recasting mainstream Russian views of foreign policy over the last eight years.² Under the rubric of "strengthening multipolarity," the avowed purpose of the new Russian

consensus on foreign policy and national security is to increase the strength of global forces arrayed against the United States.

This consensus helps allay any concerns that Russian officials, scientists, and businessmen might have about transferring weapons or military technology to countries such as Iran, Iraq, North Korea, Libya, and the People's Republic of China. When Russia's national interest is understood to be strengthened by weakening the United States, the Russian military-industrial complex can do well by doing good.

'Islands of Excellence': The Paradox of Russia's Military

The August 2000 sinking of the *Kursk*, Russia's most modern submarine, during the Russian Northern Fleet's largest exercises in a decade has highlighted the paradoxical nature of the Russian military. It is at once sophisticated and in disrepair. The overall poor conditions in the Russian military—symptoms of the cash-starved Russian economy—are conducive to both licit and illicit weapons proliferation for hard currency. At the same time, the maintenance of technological "islands of excellence" in the midst of generally non-competitive force structures insures that Russia has ample weapons systems and technology to share with willing arms buyers.

These basic conditions for weapons proliferation are further exacerbated by the "systemic corruption and criminality that is especially evident at the higher levels of the military and civilian leadership in Russia." More than 100 generals and admirals, a deputy minister of defense, and two other top officials of the Ministry of Defense were under investigation for corruption and embezzlement as of 1997.³ During the brutal war in Chechnya both officers and enlisted men have sold weapons and material to the Chechens fighting against them; the civilian leadership of the



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military establishment, including then-First Deputy Prime Minister Oleg Soskovets, have also been accused of profiting from the conflict.⁴

Without question, Russia's military "islands of excellence" exist in troubled waters. Russia has dramatically reduced its military spending from Soviet levels, starting with the 80% cut in procurement ordered by Yegor Gaidar in 1992. A recent illustration of the military's cash shortage is the June 2000 report that the local electric company threatened to cut off power to a strategic missile base in southern Siberia because of \$180,000 in unpaid bills.⁵ The cutoff was avoided when the base's elite commandos, whose regular mission is to protect the giant SS-18 intercontinental ballistic missiles there, seized four of the electric company's substations.

Russia's soldiers, whose lifestyle has always been spartan, now suffer from an unprecedented combination of low pay, poor training, and terrible living conditions:

[T]he Russian military has faced problems feeding its own troops. Sailors have starved to death, forces stationed in the far north have been gradually withdrawn, and those stationed in Russia proper have often been told to pick mushrooms or berries to supplement their diets. . . . The problem was brought home even more clearly in March 1999 when a young soldier armed with an automatic weapon broke into a food store. When he was captured, the soldier confessed that he "was really hungry."⁶

It is currently estimated that as many as 1,000 Russian conscripts a year commit suicide.⁷

These poor conditions, in time, have bred further problems. The State Department reported in 1998 that the decline in the military's living standards "continues to contribute to the increase in crime (particularly theft) and corruption in the armed forces."⁸

Since 1996, communications with operational nuclear weapons units have often been disrupted because thieves steal the copper and other metals from wires that linked these units to their command centers and sell them for scrap. And as the *Kursk* incident has shown, corruption, mismanagement, and the problems in morale, training, and recruitment that they engender

can compromise the effectiveness of even the most modern systems.

On February 25, 1997, shortly before his dismissal, then-Defense Minister Igor Rodionov stated, "What kind of Defense Minister am I? I am the Minister of Defense of a disintegrating army and a dying fleet."⁹

General-purpose forces have been largely neglected. Russia's armed forces procured exactly two combat aircraft in 1995, versus 581 in 1991.¹⁰ Tank procurement has gone from several thousand to several dozen per year.¹¹ According to Russia's Defense Minister Marshal Igor Sergeev, 54% of Russia's aircraft and 40% of its anti-aircraft systems, helicopters, armored equipment, and artillery need repairs. Seventy percent of the navy's ships need major repairs.¹²

Yet such statistics belie the more complete picture. Irrespective of its official budget, Russia continues to devote significant resources to its military establishment, as demonstrated by its sheer size and infrastructure, as well as expenditures on the war in Chechnya and "peacekeeping" in Moldova, Tajikistan, and Georgia. And while it is a mere shadow of the Soviet military, even the diminished Russian military of today is formidable compared to the weak forces of the nations on Russia's periphery and of the new NATO states Poland, Hungary, and the Czech Republic. Were Russia to choose to do so, it is capable of threatening the Partnership for Peace countries of the Baltics, Ukraine, and Southeastern Europe, the Caucasus, and Central Asia. And while Russia might not be able to win a conventional war with NATO, it still has the military capability to inflict massive damage on U.S. allies in Europe.

The anomalous Russian pattern is that while the bulk of its military assets are depreciating, it is still successfully targeting certain areas for investment in 21st century weapons technologies. Thus, following the May ratification of the START II Treaty by the Russian Duma, President Putin announced that the treaty's ratification would allow Russia "to channel funds to [the] creation of new armaments . . ."¹³ These newest armaments will also pose proliferation risks.

The most significant exception to Russia's generally deteriorating military is its nuclear force. Russia's clear pattern to date has been to focus its limited





research and procurement funds on nuclear weapons—and, disturbingly, on maintaining nuclear war-fighting capabilities.¹⁴

The noted defense analyst Pavel Felgengauer recently wrote that “[f]or the past couple of years ... Russia was building more ICBMs [intercontinental ballistic missiles] than all other world nuclear powers put together, but not buying any new conventional arms.”¹⁵ As Lt. Gen. Patrick Hughes, Director of the Defense Intelligence Agency, testified in February 1999: “Despite years of economic crisis and decline, and extreme reductions in the Russian defense budget, Moscow has mustered the political will and resources to field and maintain its strategic force. Indicative of this determination, Russia continues to prioritize strategic force elements—in terms of manpower, training, and other resources—and to invest in the future by funding at least one new strategic missile, and numerous strategic command, control, and communications facilities and capabilities.”¹⁶

Twenty to thirty of the relatively new and capable SS-25 Topol ICBMs and the SS-27 Topol-M ICBMs, currently the most technologically-advanced intercontinental ballistic missile deployed in the world, are being produced each year. Russia is simultaneously retiring larger numbers of older systems, resulting in a smaller but more modern force.¹⁷

In 1998 the Yeltsin government ordered the development of Russia’s next-generation submarine-launched ballistic missile (SLBM), the Bulava (“Mace”). The Bulava is currently in development and is believed to be based on the SS-27, signifying a Russian attempt to maximize missile production by utilizing the economies of scale from deploying substantially similar missiles on land and at sea. Because the Bulava will not become operational for nearly a decade, Russia has also resumed production of the SLBM currently in service to keep the current ballistic missile submarine fleet fully armed. Russia is also designing a new nuclear-capable theater missile.¹⁸

The ratification of START II, which emancipated Russia from the expense of maintaining much of its older forces, also signaled the start of its renovation of the strategic bomber fleet. In addition to developing new long-range bombers, the Russian military is also designing precision munitions to increase their efficacy.¹⁹ The new X-101 long-range air-launched cruise

missile may be part of what military analyst Felgengauer described as a plan “to make a local nuclear war possible in principle, to enable Russia to deliver ‘non-strategic’ low-power nuclear strikes to any point in the world, similar to American cruise missiles and ‘smart bombs.’”²⁰

Russia’s strategic forces are also maintaining a higher level of readiness than the general military:

- In April 2000, the strategic bomber force conducted large-scale military exercises over the Black and Caspian Seas,²¹ the second major exercise in as many years.
- In June 1999, Russia conducted its largest military exercise since the collapse of the Soviet Union, involving some 50,000 troops from five military districts, five naval fleets, and 23 combined task forces.²²

The 1999 exercises, dubbed Zapad 99, marked the first time that American fighters were forced to intercept Russian bombers, two of which had approached within 60 miles of NATO-ally Iceland—well within striking distance of the United States.²³

Russia is also launching new satellites to counter an erosion in its intelligence capabilities that has left it strategically “blind” for some three hours of every day.²⁴

Tactical aviation, and electronic and information warfare, have also continued to receive priority in funding. So has biological weapons research.²⁵ And Russia is expending immense resources on building mammoth underground facilities apparently intended to function as command-and-control headquarters for waging nuclear war at locations including Kosvinski and Yamantau Mountain in the Urals.²⁶

Russia has continued producing nuclear-powered submarines (of which the *Kursk* is an example) as well as diesel submarines for its own armed forces as well as for export. As Rear Admiral Lowell E. Jacoby, the Director of Naval Intelligence, advised Congress in April 1999, “Russia continues to produce a wide range of leading edge undersea warfare technologies for their own use and for export.”²⁷

Under construction or development are the *Severodvinsk*, Russia’s first true multi-purpose nuclear submarine, and the *Dolgorukiy* nuclear-powered submarine, which in the future will be the mainstay of



Russia's sea-based nuclear weaponry.²⁸ Whereas most U.S. defense planning no longer focuses primarily on Russian developments, U.S. submarine acquisition and anti-submarine warfare programs are still driven by Russian activities.²⁹

The long-depressed economic conditions in Russia, miserable pay and living conditions of Russian troops, pervasive corruption in the Russian military and civilian leadership, a desire to fund Russia's still-ambitious and expensive conventional and strategic forces, the marketability of much of Russia's newest military hardware and technology, and a growing hostility to the United States in official Russian foreign and military policy have all combined to provide strong economic incentives for proliferation of weaponry and weapons technology by people and institutions ranging from individual soldiers to the Russian state.

Doomsday Programs: Russia's Weapons of Mass Destruction

When the Soviet Union collapsed in 1991, Russia inherited an immense military-industrial complex, as well as a huge arsenal and military. Much of this complex was devoted to the development of weapons of mass destruction.

The new Russian Federation possessed nearly 1,200 metric tons of enriched uranium and 200 tons of plutonium.³⁰ Although much of this material was kept in the hermetic "nuclear cities" in which Soviet nuclear experts were confined, a significant amount was available outside these isolated outposts. An estimated 2,500 Russian nuclear scientists with direct knowledge of building nuclear weapons were under-employed or unemployed. Furthermore, these scientists were supported by tens of thousands of specialists who worked outside the nuclear cities but had extensive involvement with the Soviet nuclear industry.³¹

Russia likewise inherited the Soviet chemical weapons program, which encompassed hundreds of facilities employing tens of thousands of scientists and technicians—the largest and most advanced chemical weapons production program in the world. In 1993, Russia declared that it possessed 40,000 metric tons of chemical weapons agents stored at seven depots, and declared that it owned 24 former chemical weapons production facilities.³²

The Soviet biological weapons program that Russia inherited was even larger, employing over 65,000 people. The Soviet Ministry of Defense ran four military microbiological facilities. In addition, research was carried out through a complex of 50 pharmaceutical facilities known as Biopreparat that engaged in the secret development of biological agents.

The decline in Russian military spending and the general failure of Russia's economy under the Clinton administration's tutelage gave this immense military-industrial complex the urgent incentive to sell as much as possible as quickly as possible—often irrespective of the long-term implications for Russia's own security.

At some former research facilities, such as the State Institute of Organic Chemistry and Technology in Moscow, fully half of the scientific personnel had been laid off by the fall of 1995, following President Yeltsin's official termination of the biological weapons program in 1992. Following Yeltsin's action, the Biopreparat complex experienced funding cuts of 30% and personnel cuts of 50%. According to one recent report, many Biopreparat institutes cannot even afford to pay the remaining scientists on staff the meager \$100 a month average salary.³³ Moreover, security controls on Russia's weapons of mass destruction program were deteriorating.

To many in the Russian government who sought ways to overcome the desperate financial challenges facing Russia's government and its population, exporting such hugely valuable contraband seemed to solve several economic problems. It would generate hard currency; it would utilize existing Russian assets; and it would put possibly hundreds of thousands of unemployed Russians back to work. For the many Russian officials increasingly involved in corruption and organized crime, there was yet another benefit: the opportunity for significant personal wealth.

Such sales also had a programmatic and policy dimension, since the funds they generated could help support further weapons development. Such critical elements of the military-industrial complex as aircraft and surface-combatant manufacturing have been left to survive largely by exports. While Russian arms exports have reached as much as \$4.8 billion annually, Russia's armed forces have been authoritatively informed that they will not receive new weapons until 2005, and must manage with existing weapons in the interim.³⁴





Such exports could also serve such foreign policy goals as “building multipolarity” at the expense of the United States, or seeking to build better relations with nations that might otherwise pose problems for Russia, such as Iran. Some Russian commentators even articulated a policy of Russian arms sales to anti-American forces as a means both of providing Russia with hard currency and of assuring that U.S. resources will be consumed in countering the weapons Russia has sold abroad.³⁵

Many Russian weapons-complex employees were vulnerable to the lure of selling expertise and equipment for hard currency, irrespective of official Russian policy, as Iran and other rogue nations seeking to build WMD programs have seen in Russia’s economic misery an opportunity to purchase the highest-quality expertise cheaply.

For all of these reasons, both official and unofficial Russian weapons proliferation has accelerated dramatically since the first years of the Yeltsin and Clinton administrations. In addition to the weapons and technology transfers to the People’s Republic of China described in Chapter 11, the most destabilizing manifestations of Russian arms proliferation have been the sale to Iran of technology for ballistic missiles, nuclear weapons, chemical weapons, and biological weapons; assistance to Iraq’s ballistic missile program, its chemical weapons program, and its oil smuggling operations; and the sale of conventional arms to Iran, Iraq, Libya, North Korea, and Syria.

Russian Assistance to Iran’s Ballistic Missile Program

Following the Iran-Iraq war, Iran sought to improve its missile technology by purchasing No Dong missiles from North Korea, and reportedly provided assistance to North Korea’s missile development program in return. After difficulties in acquiring No Dong missiles, however, Iran turned to other countries—including Russia—for assistance in its missile development.³⁶ Iran sought Russian help with guidance systems, engines, advanced materials, electronics, testing equipment, and other systems it could not develop on its own.³⁷

Throughout the 1990s, despite repeated pledges by the Yeltsin government given during summits, Gore-Chernomyrdin Commission meetings, and min-



AP Photo/Mohammad Seyyad

AIDING IRAN’S MISSILE DEVELOPMENT: An Iranian Shahab-3 missile takes part in a parade in Tehran Sept. 25, 1998, to mark the 18th anniversary of the outbreak of the war with Iraq. The missile, with an 800-mile range, is capable of reaching Israel. President Mohammad Khatami addressed crowds at the parade and said Iran was ready to use force if diplomacy failed to ease the tension with neighboring Afghanistan. Intelligence reports noted that Iran worked with the Russian Space Agency, the Bauman Institute, Rosvooruzhenie, and other Russian firms in developing the missile.

isterial-level meetings, Russian private and government entities continued to provide critical technological assistance to Iran’s ballistic missile programs.

In 1997, evidence surfaced that three Russian entities, including Rosvoorouzhenie (Russia’s State Corporation for Export and Import of Armament and Military Equipment), had signed contracts with Iran’s Shahid Hemmat Industrial Group (SHIG), a government agency within Iran’s Defense Industries Organization in charge of developing Iran’s ballistic missile program, to assist the Iranian missile program by producing, model missiles, software, and a wind tunnel for missile design.

The Russian scientific and production center Inor also collaborated with Iran’s SHIG on several contracts for the transfer of Russian raw materials for use in producing missiles. In addition, Inor negotiated to sell Iran high-technology laser equipment, special mirrors, a metal called maraging steel, and tungsten-coated graphite material—all important components in building missiles.³⁸

U.S. intelligence findings were confirmed when on January 29, 1997, the State Department sent a secret cable to the U.S. Embassy in Moscow describing evidence provided by a delegation of Israeli military intel-



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ligence officials that Russian agencies were assisting Iran in building its Shahab-3 and Shahab-4 missiles.³⁹ The cable reportedly read as follows:

This is shaping up as a serious problem. While we have not seen or analyzed their raw data, the Israelis seem to have established that:

The Iranians are working on two No Dong derivatives, Shahab-3 (with a 1,250 mm tube, 1,300 to 1,500 kilometer range, and 750 kilogram [re-entry vehicle] RV; and Shahab-4 (larger, more advanced guidance systems, 2,000 kilometer-range and 1,000 kilogram RV).

The Iranians are seeking domestic production.

Iranian defense industry entities have worked with the Bauman Institute in St. Petersburg, with Rosvooruzhenie, the Russian Space Agency, NPO Trud, Polyus, and other Russian firms in: Conducting wind tunnel testing of the nose cone, designing the guidance and propulsion systems and working on a solid-fuel project.

The Israelis have identified [Russian Space Agency Director Yuri] Koptev and Rosvooruzhenie's aerospace director in connection with the project; they have a copy of the \$7 million contract with NPO Trud (which built the Russian lunar space vehicle).

Great Wall Industries (China) is working on telemetry infrastructure; little information.

A prototype may be ready in two to three years.

The Israelis believe the Russians may try to justify the missiles as research devices. They have not identified a Russian-Iranian coordinating channel for missile development, nor implicated any senior figure besides Koptev, possibly suggesting a pattern of freelancing. The Israelis suspect, but have not established, that the total of relevant contracts in Russia may not exceed \$20 million.⁴⁰

In testimony before the House International Relations Committee in October 1999, proliferation expert Kenneth Timmerman testified that top Clinton administration officials were aware of Russian aid to Iran's missile programs but did little to counter it:



UNFRIENDLY SKIES: In the fall of 1998, Russian arms export agency Rosvooruzhenie and Iraq completed a deal worth \$160 million in military hardware including upgrades of this MiG-29 fighter. These fighters have engaged NATO pilots over Kosovo and Iraq.

[Deputy Secretary of State Strobe] Talbott's consistent refusal to confront the Russians over their missile technology transfers to Iran illustrates once again a series of opportunities we missed to prevent post-Cold War Russia from going down the dark paths where we encounter her today.

The warnings were visible early on, and they were ignored. Initial information on Russian assistance to the Shahab missile programs in Iran came from Israeli agents in Russia in 1995 and 1996.

The Israelis felt confident enough of their information to present a detailed briefing to Mr. Talbott in Washington in September or October of 1996. According to one of the Israelis who took part in the briefing, whom I interviewed in Tel Aviv the following year, Mr. Talbott told them not to worry: he had the situation with Russia "under control."⁴¹

In March 1997, a CIA intelligence report labeled "Secret Specat" reportedly disclosed that then-Iranian President Ali Akbar Hashemi Rafsanjani was pleased with the growing ties between Iran and Russia, and that he expected Iran to benefit from Russia's highly-developed missile program. Iran's president stated that he "consider[ed] obtaining Russian military technology one of Iran's primary foreign policy goals."





Rafsanjani added, "Iran had a budgetary reserve of \$10 billion, much of which it is willing to dedicate towards military purchases from Russia," and he directed Iran's embassy in Moscow "to devote resources to fulfilling Iranian weapons requirements through purchases from Russia."⁴²

According to a 1997 report on proliferation, Director of Central Intelligence George Tenet stated:

[In 1997] Russian firms supplied a variety of ballistic missile-related goods and technical know-how to foreign countries during the reporting period. For example, Iran's success in gaining technology and materials from Russian companies, combined with recent indigenous advances, means that Iran could have a medium-range ballistic missile much sooner than otherwise expected.

During 1997, Russia was an important source of dual-use technology for civilian nuclear programs in Iran and India. By its very nature, this technology may be of use in the nuclear weapons programs of these countries.⁴³

Yet the Clinton administration, anxious to present a positive image of Russian-American relations, continued to accept the commitments from Yeltsin and Chernomyrdin during this period—at the Clinton-Yeltsin summit in Helsinki in March 1997, at the June 1997 Clinton-Yeltsin summit in Denver, and at a Gore-Chernomyrdin meeting in 1997—that Russia would halt its missile technology assistance to Iran.⁴⁴

In November 1998, the Russian Duma passed a resolution calling for increased military cooperation with Iran. According to press reports based on conversations with intelligence officials, in late January 1998 the Russian SVR Foreign Intelligence Service and Iran's Ministry of Intelligence and Security coordinated a visit to Moscow by a group of Iranian missile experts. Vyachashev Trubnikov, the Russian foreign spy chief, informed the Iranians that his agency would continue to work with the Iranians if illegal practices by Iran were stopped. Other reports linked the Russian FSB—the Federal Security Service, successor to the KGB—to covert Iranian intelligence activities in the missile technology area.⁴⁵

Nevertheless, the Clinton administration still refused to adjust U.S. policy to the torrent of informa-

tion from the U.S. intelligence community and the corroborating evidence from U.S. allies. American policy was based on the assurances from the administration's small circle of official Russian counterparts. Objective intelligence reporting was discounted, while information from Russian sources who clearly stood to be injured by the imposition of sanctions was accepted.

The Clinton administration consistently avoided imposing meaningful sanctions on the export of missile technology to Iran, despite the authority to do so that it possessed under the Arms Export Control Act, the Export Administration Act, the Iran-Iraq Arms Nonproliferation Act of 1992, and the Foreign Assistance Act.

The bipartisan Iran Missile Proliferation Sanctions Act of 1997, which passed the House and Senate with veto-proof majorities, closed many of the loopholes invoked by the Clinton administration to justify its refusal to use sanctions. The Act required suspension of U.S. government assistance to foreign entities (including governmental entities operating as businesses) that assist Iran's ballistic missile program.

President Clinton vetoed the bill on June 23, 1998. One month later Iran tested its Shahab-3 missile—ten years ahead of the U.S. government original Initial Operational Capability (IOC) estimate of one year earlier, and 18 months ahead of the then-recently revised IOC. By mid-1998, the Iranian ballistic missile program was one of the most advanced in the world, due to Russian assistance.

The Commission to Assess the Ballistic Missile Threat to the United States (popularly known as the Rumsfeld Commission) reported to Congress and the president in July 1998 that "[t]he ballistic missile infrastructure in Iran is now more sophisticated than that of North Korea and has benefited from broad essential assistance from Russia."⁴⁶ Many experts believe that the role Russia played in Iran's development has been "crucial"—and that without Russian assistance, it would have taken many more years of research and testing for Iran to test and deploy these missiles.⁴⁷

Under threat of a congressional override of the veto of the Iran Missile Proliferation Act, Clinton issued an executive order on July 28, 1998, utilizing existing law to ban trade, aid, and procurement from foreign entities assisting programs for the production of weapons of mass destruction in Iran or elsewhere.



Pursuant to the executive order, the Clinton administration sanctioned seven Russian entities believed to be assisting Iran's Shahab program.⁴⁸

At the time, observers questioned why other entities that had engaged in similar activity were not sanctioned, as well as disputing the efficacy of the "tailored" sanctions that the administration claimed to be imposing. The executive order allowed the President to reduce or end aid to research and manufacturing enterprises, but most of the sanctioned firms did not receive any such U.S. aid, or were associated with the Russian government. And although the executive order also barred these entities from exporting goods to the United States, this sanction was largely meaningless since there was no U.S. market for their products and the trade in question was in information and technology rather than equipment. Moreover, the executive order did nothing to address Russia's export-control system, which even National Security Advisor Sandy Berger said was necessary when he announced the sanctions.

As a result, the executive order and attendant sanctions failed to deter Russian proliferation. An unclassified CIA report issued on February 2, 2000, stated that as late as June 1999 Russian entities "continued to supply a variety of ballistic missile-related goods and technical know-how to Iran." Moreover, Iran could already deploy a "limited number of the Shahab-3 prototype missiles in an operational mode during a perceived crisis situation."⁴⁹

In testimony before the Senate Intelligence Committee in February 2000, Director of Central Intelligence George Tenet testified that Iran would "probably" soon possess a ballistic missile capable of reaching the United States. The impact of Russian assistance was clear: only a year earlier, Tenet had testified that it would take "many years" for Iran to develop a missile capable of reaching the United States.

On March 1, 2000, Congress passed the Iran Missile Nonproliferation Act of 2000, which authorizes restrictions on U.S. aid to and trade with foreign entities that assist Iran's programs for the production of weapons of mass destruction. This Act includes a provision conditioning U.S. "extraordinary payments" to the Russian Space Agency for participation in the International Space Station on the President's certification that the Russian Space Agency has ended assis-

tance to Iran's missile development programs.

The Act thus puts teeth into the administration's professed linkage of space and nonproliferation policy, which at the time of enactment had yet to materialize in fact. If enforced by the Clinton administration, the provision will lead in the near term to the withholding of \$20-25 million in extraordinary payments to Russia, an amount that could rise to as much as several hundred million dollars more in future years.⁵⁰

The Clinton administration's willful blindness to Russian missile proliferation to Iran has already done immense damage, however. The extensive Russian assistance has allowed Iran to improve significantly its ballistic missile capability. Iran's Shahab missile series is modeled on the Russian SS-4. The Shahab-3 ("Meteor") medium-range ballistic missile, which is based on North Korea's No Dong missile, was reportedly redesigned and improved by Russian experts. Its 800 to 900-mile range and 1,650-lb. payload give Iran the ability to threaten areas beyond the Middle East. Iran is close to perfecting the Shahab-4 missile, with a 1,200-mile range and a 2,200-lb. payload.⁵¹ And with Russian assistance Iran is now building a 2,600-mile range "Kosar" missile, based on a Soviet-era SS-5 missile engine;⁵² this missile could ultimately form the basis for an Iranian intercontinental ballistic missile.⁵³

Each of these missiles far exceeds the 180-mile range and 1,100-lb. payload limits imposed by the Missile Technology Control Regime, of which Russia is a member.⁵⁴

Russian Assistance to Iran's Nuclear Program

Russia also has ignored the Clinton administration's ineffectual objections to its plans to build nuclear reactors in Iran. Both the Clinton administration and outside experts fear that Iran will use the civilian reactor program as a cover for a secret nuclear weapons program.

In January 1995, Russia announced an \$800 million contract with Iran to complete a nuclear power facility at Bushehr. The nuclear plant was begun by Siemens during the 1970s, but abandoned after Iran's 1979 revolution. This 1,000 megawatt light-water reactor, which is now very nearly complete, is capable of producing material for nuclear weapons.⁵⁵ The





AP Photo/This Week, Terry Ashe



DANGER IN SMALL PACKAGES: Defense Secretary William Cohen explains to the nation the destructive power of even small quantities of biological weapons, Nov. 16, 1997. An amount of anthrax equal to this bag of sugar would kill half of the city of Washington. Russia's expertise in biological weapons is a lure for rogue regimes including Saddam Hussein's Iraq.

Bushehr contract also calls for Russia to deliver nuclear fuel for Bushehr's reactors.⁵⁶ Approximately 1,000 Russian specialists are currently working at Bushehr.

Russian Atomic Energy Minister Yevgeny Adamov announced in April 2000 that Russia had agreed to build up to three additional 1,000 megawatt nuclear reactors in Iran.

In addition to constructing reactors and delivering nuclear fuel, Russia is providing Iranian personnel with technical know-how. Beginning in early September 1999, more than 300 Iranian specialists commenced training at Russia's Balakovo nuclear power station.

Moreover, although Russia argues that the Bushehr nuclear facility in Iran will be subject to oversight by the International Atomic Energy Agency (IAEA), the Bushehr project will immerse Iranian personnel in nuclear technology, and provide extensive training and technological support from Russian nuclear experts—providing both massive transfers of information and technology and indispensable cover for pursuing nuclear weapons activities. Neither concern is addressed by IAEA oversight.

U.S. officials believe Iran is attempting to acquire a nuclear weapons capability by purchasing nuclear weapons-related material and using nuclear assistance from Russia and others to expand its expertise. The *New York Times* reported on January 17, 2000, that the Central Intelligence Agency had reason to believe Iran had purchased critical technology advancing Iran's nuclear program further than previously thought.⁵⁷ In August 2000, the CIA confirmed this assessment in an unclassified report to Congress, stating:

The Russian government's commitment, willingness, and ability to curb proliferation-related transfers remain uncertain. ... Russian businesses continue to be major suppliers of WMD [weapons of mass destruction] equipment, materials, and technology to Iran. Specifically, Russia continues to provide Iran with nuclear technology that could be applied to Iran's weapons program.⁵⁸

But the Clinton administration has failed to move effectively to end this Russian assistance. Moreover, congressional attempts to influence Russian behavior by reducing U.S. bilateral aid to the Russian central government (while maintaining aid in support of grassroots reform in Russia) have been undercut by continued unconditional administration support for aid to Russia through the International Monetary Fund, the World Bank, and other multilateral institutions.

Iran is seeking to acquire Russian assistance in building other weapons of mass destruction as well. In December 1998, the *New York Times* reported that high-ranking Iranian officials were aggressively pursuing biological and chemical expertise in Russia. In interviews conducted with numerous former biological weapons experts in Russia and Kazakhstan, more than a dozen stated that they had been approached by Iranian nationals and offered as much as \$5,000 a month (many times more than many Russian scientists make in a year) for information relating to biological weapons. Two weapons experts claimed they had been asked specifically to assist Iran in building biological weapons.⁵⁹

The Russian scientists who had been approached noted that the Iranians showed particular interest in learning about or acquiring microbes that can be used militarily to destroy or protect crops and genetic engineering techniques to create highly-resistant germs.



Russian Assistance to Iraq

According to public reports in 1999, Russia has sold valuable missile technology to Iraq in violation of the United Nations embargo. With the end of the Gulf War, the U.N. Security Council voted to disarm Iraq of most of its ballistic missile capability. U.N. Security Council Resolution 687 ordered the destruction of all Iraqi ballistic missiles with a range greater than 150 kilometers. Furthermore, an embargo was placed on all sales of ballistic missile technology to Iraq by U.N. member states.

The 1999 reports specifically identified three Russian former state-owned Soviet trading companies—Techmashimport, Vneshtekhnika and Mashinoimportinvest—as having sold Iraq components for the manufacture of surface-to-surface missiles; navigation equipment for fighters; and anti-aircraft missiles, among other items.⁶⁰ In addition, Russia was reported to have sold Iraq \$160 million worth of military hardware, including upgrades of MiG-29 fighters and air defense systems, in the fall of 1998.⁶¹

Three years earlier, in December 1995, Jordan reported seizing 115 Russian-made missile guidance components allegedly bound for Iraq. The United Nations Special Commission on Iraq (UNSCOM) later reported that Iraq had in fact procured missile components since 1991, in violation of sanctions, and that it had covertly developed and tested prohibited missiles. That same month, UNSCOM retrieved from Iraq's Tigris River prohibited missile guidance systems (accelerometers and gyroscopes) taken from modern Russian SS-N-18 submarine-launched ballistic missiles with intercontinental range.⁶² The degree to which these transfers were state-sanctioned or were attributable to Russian organized crime or corruption is unclear, since the Clinton administration never adequately pressed the Russian government for an explanation or adequately investigated the case.

In 1995, UNSCOM inspectors also uncovered evidence that Russia had agreed to sell Iraq biological weapons fermentation equipment. Experts believe the equipment, including a 5,000 liter vessel, was destined for Iraq's Al Hakim facility, the main biological warfare facility of Iraq, which was subsequently destroyed by U.N. investigators in June 1996.⁶³

The uncertainty of Russian intentions and the inadequacy of its controls over proliferation is illus-

trated by the case of General Anatoly Kuntsevich, who after leading the program to circumvent Soviet commitments under the Chemical Weapons Convention was appointed by Yeltsin to head the Russian committee charged with dismantling the Soviet biological and chemical weapons complex.⁶⁴ On April 7, 1994, Yeltsin fired General Kuntsevich after it was disclosed that he had been caught attempting to sell five tons of VX nerve gas components to Syrian agents presumably acting on behalf of Iraq. All of the chemical VX precursors to be sold in the transaction were stolen from Russian military facilities. Furthermore, Kuntsevich allegedly sold another 1,760 pounds of chemicals to unnamed buyers from the Middle East.⁶⁵

Similarly, on February 2, 2000, U.S. patrol ships leading the Multinational Interdiction Force that enforces the United Nations' embargo against Iraq boarded and diverted a Russian oil tanker in the Persian Gulf. It was found to be smuggling Iraqi oil. The Clinton administration, once again anxious to avoid confronting Russia, neither sanctioned Russia nor even threatened diminution of U.S. financial support. Instead, the Iraqi naval official on board the tanker was freed; the oil was diverted to Oman and auctioned off; and the tanker was returned to Russia.

Two months later, in early April 2000, another Russian tanker was found to be carrying Iraqi oil mixed with Iranian oil. The Clinton administration merely issued a "warning" that future such incidents would result in the seizure of the cargo. Royal Dutch/Shell, which chartered the tanker, agreed to pay the U.N. \$2 million as a fine, but was allowed to retain the cargo. No sanctions against Russia were even hinted at.

Russian Exports of Conventional Arms

The continuing failure of the Russian economy has created a nearly irresistible attraction to the hard capital generated by the export of advanced conventional weapons systems. Since the collapse of Russia's economy in 1998, Russian earnings based upon the foreign sales of arms have increased by 58.3%, from \$2.8 billion to \$4.8 billion.⁶⁶ And Russia is seeking to expand its shipments to new customers in markets such as Southeast Asia and Latin America.⁶⁷

Since the fall of the Soviet Union, the international sale of Russian arms has been conducted through





three state-run organizations that are authorized to export Russian weapon systems abroad: Rosvooruzhenie, which sells new weapons; Promexport, which sells previously used weapons; and Rossiiskiy Tekhnologii, which deals with exporting technical know-how.⁶⁸ Of the three arms-exporting organizations, Rosvooruzhenie is the dominant member of the troika.⁶⁹ In 1999, Rosvooruzhenie was responsible for 80% of Russian arms sales.⁷⁰

Through the development of such new markets for its weaponry and the continued maintenance of its older markets, Russian officials predict annual arms sales of over \$5 billion in the near future—a more than 25% increase from the fiscal 2000 projection, and a more than 75% increase from fiscal 1998.⁷¹

Russia, like the United States, France, and other countries, should be expected to compete vigorously in the international arms market. Russia's sales cause concern, however, because of the sophistication of the weaponry involved and the nature of many of the customers. Moscow has shown a willingness to sell some of its most advanced weapon systems currently in mass production. Rosvooruzhenie has sold—or is in the process of negotiating contracts for the sale of—such weapons systems as:

- Su-27 air-superiority fighters
- Su-30 multi-purpose fighters
- MiG-29SMT fighter-bombers
- MiG-31 interceptors
- Mi-17/171 transport helicopters
- Vympel R-77/RVV-AE medium range air-to-air missiles
- Iгла-1 man-portable surface-to-air missile launchers
- 3M82 Moskit surface-to-surface anti-ship missiles (designed solely to counter the U.S. Navy's AEGIS system)
- Kh-35 Uran surface-to-surface anti-ship missiles
- T-90 main-battle tanks

In addition, Russia is exporting a multitude of other weapon systems, ranging from diesel attack submarines to infantry-borne assault weapons. A number of these weapons are specifically designed to destroy U.S. systems. In other instances—such as sales to both

North and South Korea, and to both India and the People's Republic of China—Russian exports effectively escalate ongoing arms races and are destabilizing. Sales to Latin America (including sales of advanced aircraft to rival governments with disputed borders) have similar effects.

But it is the willingness of Russian officials to export advanced weapons to such “countries of concern” as Iran, Iraq, Libya, North Korea, and Syria that is most troubling.⁷² (The Clinton administration's



AIR EXPORTS: Russia sold 50 Su-27 air-superiority fighter jets (above), 60 more advanced Su-30 MKK jets (below), and the technology to produce unlimited quantities of both, to the People's Republic of China.



recent decision to substitute the euphemism “countries of concern” for the accepted term “rogue states” is itself a telling example of a penchant for elevating rhetoric over substance.) During the Cold War, these nations were aligned with the Soviet Union, and large parts of their military arsenals are of Soviet origin. The 1992 decision by the Yeltsin administration to pursue a relationship with the United States signaled a re-orientation of Russia away from such rogue states. Within the last three years, however, these nations have all made significant purchases from Rosvooruzhenie.

Libya and Rosvooruzhenie are currently in negotiations to upgrade, modernize, and maintain the Soviet technology that comprises the backbone of Libya’s armed forces.⁷³ Interfax reports that Russia is also planning to sell several MiG-31s to Libya.⁷⁴

Syria recently received a delivery of Su-27 fighters and T-90 main battle tanks, and is being re-armed with Kornet-E and Metis-M man-portable, anti-tank missile systems. Syria is also negotiating the purchase of the S-300 anti-aircraft missile system.⁷⁵

Iran recently took delivery of an order of Russian Mi-171 naval transport helicopters.⁷⁶ Russia also recently granted Iran a license to mass-produce the 9M113 Konkurs anti-tank missile.⁷⁷ In 1997 Russia shipped its third *Kilo*-class diesel attack submarine to Iran, completing the contract for the sale of such submarines that had been negotiated in the early 1990s.⁷⁸

According to press reports earlier this year, Russia violated the U.N. arms embargo by arranging a \$90 million contract between Belarus and Iraq. Under the agreement, Belarus will upgrade Iraqi SA-3 surface-to-air missiles, enhancing their range from 18 to 25 kilometers—thus enabling Iraq to target American and British aircraft enforcing the no-fly zone. In addition, Belarus will overhaul Iraqi anti-aircraft guns, train Iraqi air-defense crews, and perform heavy maintenance on Iraqi military aircraft. The Russian government reportedly decided to arrange future arms deals with Iraq through such intermediaries after international criticism of a secret \$150 million contract which became public.⁷⁹

The Failure of the Clinton-Gore Proliferation Policy

With Yeltsin’s departure, Russia’s official position on proliferation has taken a turn for the worse. The Russian media reported on May 11, 2000, that



KILO-CLASS: Russia has sold *Kilo*-class attack submarines (above) to India, Iran, and the People’s Republic of China.

Vladimir Putin had amended Yeltsin’s 1992 presidential decree limiting Russia’s nuclear assistance to other countries. Putin’s amendments allow sales of nuclear technologies and materials to countries whose nuclear programs are not fully monitored by the International Atomic Energy Agency, including Iran and North Korea.⁸⁰ While the new policy is nominally limited to “exceptional cases,” one Russian Atomic Energy Ministry spokesman noted that it will “considerably expand” the scope of Russian export of nuclear technologies and materials.⁸¹

Concurrently, Rosvooruzhenie announced in June 2000 its intention to boost arms exports to between \$10 billion and \$12 billion over the next several years. In conjunction with that announcement, the Russian government declared that Russia would become the second largest exporter of munitions in the world.⁸²

The growing Russian proliferation of advanced weaponry and technology, especially weapons of mass destruction, has created significant new risks for U.S. national security.

In spite of evidence that both Russian government agencies and private entities were directly involved in proliferation to such states as Iran and Iraq, the Clinton administration continued to rely on personal assurances from its small cadre of contacts in the Russian government that it was not “official Russian policy” to do so.⁸³ Administration officials—including Vice President Gore and Deputy Secretary of State Talbott—accepted these assurances despite clear evidence of continued proliferation, rather than believe, or admit, that proliferation could continue despite the stated opposition of their “partners.”





More basically, the failure of the Clinton administration's economic strategy for Russia undermined its muted efforts to stem proliferation, both by preventing the redeployment of the military-industrial complex's assets to other uses and by creating strong incentives for those with access to such assets—ranging from individual soldiers and scientists to ministries and the central government itself—to sell them. Russian economic distress provided every incentive for scientists used to a privileged existence in Soviet times to auction their expertise; for organized crime to cash in on Russia's most valuable illicit export opportunities; and for Russian officials to sell almost anything they could, either for their own personal gain or to assist the entities they managed.⁸⁴

Finally, the increasingly anti-American perspective adopted by the Russian government over the course of the Clinton administration has promoted a wide range of proliferation activities.

Many of the most dramatic and important cases of proliferation, such as the provision of nuclear and missile technology to Iran, are the result of all three of these factors—economics, policy, and the absence of effective countervailing pressure from the Clinton administration.

Narrowly targeted Clinton administration anti-proliferation initiatives have been mere candles in the winds of Russia's economic storm. The Clinton policy has been utterly ineffective in overcoming the powerful incentives for Russian proliferation that were created by Russia's economic collapse and by the Russian government's increasingly hostile outlook toward America. The free ride offered by the Clinton administration—an arrangement in which aid was guaranteed, intelligence was ignored, and sanctions were an idle threat—has led to a manifest failure to stem the rising tide of Russian proliferation.

