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UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY

U.S. ARMS CONTROL
AND
DISARMAMENT AGENCY
August 13, 1987

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OFFICE OF THE DIRECTOR

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MEMORANDUM

TO : The Director

RELEASED IN FULL

FROM : NWC - Norman A. Wulf, Acting *Norm*

SUBJECT: Weekly Activities Report

1. Pakistan: Continuing Fallout

(S) A cable has gone out to all nuclear-supplier states (except the Soviet bloc) providing information on the recent Pakistani procurement cases, and urging increased cooperative efforts to block Pakistani procurement activities. To date, the overall response to this cable has been favorable. A follow-up letter from the Secretary to several foreign ministers is in the works to reinforce the message that we want to increase supplier cooperation on nuclear export controls and export enforcement issues. We expect a Government of Pakistan team to visit the US soon to discuss procurement issues.

We've got to hammer home on the 5% hurdle - then - Don't let procurement be a hot topic - Keep on our agenda!

2. Pakistan: Still More

(S) We have examined a range of overt, technical means to verify, with varying degrees of confidence and intrusiveness, the absence of production of high enriched uranium at Pakistan's enrichment plant. We forwarded our paper to VI for review and comment. It has been shared with an interagency group chaired by DOE. While all agree the range that NWC has identified is exhaustive, differences still exist on how each approach could best be implemented.

3. Arms Control Treaties and Agreements Reference Guide

(U) NWC/DPA, in response to a request from the Office of the Vice President, prepared a reference guide to all arms control treaties and agreements to which the United States is or has been a party. The two-sided, single-page report, suitable for a loose-leaf notebook, provides details on the history, key provisions, objectives, lessons learned, and compliance records of all such treaties and agreements beginning with the Rush-Bagot Agreement of 1817.

REVIEW AUTHORITY: Sharon Ahmad, Senior Reviewer

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4. The Soviet Economy

(U) It is becoming increasingly clear that the Soviet leadership is committed to the development of an economic system which responds to economic rather than political stimuli and that 1991, the first year of the next Five-Year Plan (the 13th), is expected to see the "new economic mechanism" in place. The new mechanism envisions decision-making by enterprises, a radical reduction in the central bureaucracy and a fundamental change in the planning system. Will it happen? The mechanism might well be in place by 1991, but the realization of faster growth, higher quality of Soviet products and industrial reorganization may not occur. Soviet industrial sectors burdened with the main constraints of endemic inefficiency, a sullen labor force, and lack of flexibility will undoubtedly fail to meet the objectives within such a short time-frame. *Sur-skeptical*

5. The MIG-29: A Soviet Export Fighter for the 1990s?

(S) It is beginning to appear likely that the MIG-29 (Fulcrum) will become the principal Soviet export fighter aircraft for the 1990s. The MIG-29 is a twin-engine, single-seat, supersonic fighter designed for the counter air mission, but having a secondary ground attack capability. The MIG-29 entered service in the Soviet Air Force only in 1984, but has already been exported to Iraq, India, and Syria, with Jordan, Kuwait, and Zimbabwe also showing some interest in the aircraft. Acquisition of the Fulcrum would significantly increase the capabilities of most Third World air forces and could create regional imbalances if sold to major Soviet clients such as Cuba or Vietnam. Additionally, aggressive marketing of the MIG-29 could increase pressure on the US to loosen restrictions on the sale of advanced fighter aircraft abroad. (The comparable US aircraft, the F-15 (Eagle), has thus far been sold in the Third World only to Israel and Saudi Arabia.) *Ugh -*

6. Security Assistance Funding for FY-88

(U) The House Appropriations Committee marked up the FY-88 Foreign Assistance bill on August 6, reducing overall foreign assistance appropriations to \$13.197 billion -- \$690 million below FY-87 enacted levels, and \$2.7 billion below the Administration's request. The effective reduction is even greater, since the Committee earmarked \$532 million in Foreign Military Sales (FMS) funds for the Guarantee Reserve Fund. With respect to security assistance funding, the credits available for Foreign Military Sales (FMS) are reduced to \$3.89 billion -- \$530 million below the President's request and \$162 million *that's alot*

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below the level enacted for FY-87. This is further distorted by earmarks: \$1.8 billion for Israel, \$1.3 billion for Egypt, and \$290 million for Pakistan leaving only \$600 million for all others. The bill appropriates \$712 million for the grant Military Assistance Program -- a \$616 million reduction from the request and \$238 million below the FY-87 enacted level. The bill also provides \$3.128 billion for the Economic Support Fund (ESF) -- a \$451 million reduction from the Administration request and a \$722 million reduction from the level enacted in FY-87. ESF monies are also restricted, the principal earmarks being for Israel (\$1.2 billion), Egypt (\$815 million), Pakistan (\$250 million), and the Philippines (\$124 million) leaving approximately \$1 billion for all others. ✓

7. Brazil Nuclear Program

(S) Efforts by the Brazilian Navy's Special Projects Commission (COPESP) to obtain a license for the export of neutron detection equipment, purportedly for use in the US-supplied, safeguarded research reactor, has increased concerns about the Brazilian military's involvement with this reactor. COPESP has been linked to Brazil's efforts to develop a naval propulsion reactor. The US-Brazil agreement for nuclear cooperation under which the reactor was obtained and the related safeguards agreement prohibit its use for any military purpose. We are working with State to develop points to use with Brazilian officials which remind them of Brazil's obligations not to use the safeguarded reactor for any military purpose and which make clear that continuing questions about possible misuse of this reactor jeopardize future peaceful nuclear cooperation. ✓

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