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INFORMATION MEMORANDUM

S/S

TO: P - Mr. Armacost

FROM: INR - Morton I. Abramowitz

SUBJECT: Pakistan -- Pervez Case and Solarz Amendment

In the analysis below, we consider Ambassador Raphael's assessment of Solarz amendment applicability to Pakistan from a Washington intelligence and investigative perspective. Our principal conclusions:

- There have been positive, unprecedented Pakistani directives to restrict nuclear procurements in the US since the Pervez arrest.
- Nevertheless, although no "smoking gun" links A.Q. Khan to Pervez, circumstantial evidence has always been strong and has been buttressed by further information and analysis.
- Pervez was seeking the maraging steel for A.Q. Khan's KRL but the ultimate customer for the beryllium was most likely the Pakistan Atomic Energy Commission.
- The Inam/Pervez procurement effort was underway long before the first reported Zia/Junejo order to halt US procurement the spring of 1987.
- PAEC officials in the implosion group continue to concoct cover stories and clandestine plots to acquire US-origin goods.
- Pervez was working for another well-known Pakistani nuclear procurement agent, Khan Abbas Khan, concurrent with his relationship with Inam but on separate deals.
- GOP "assistance" in the law enforcement aspects of the Pervez case has yet to achieve tangible form.
- The Bottom Line. A complete review of Solarz applicability will probably show that the procurement network supplying Pakistan's nuclear program could not exist without the umbrella of government approval, protection, and funding.

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KRL-Pervez Link. The direct involvement of KRL in the maraging steel quest is now more apparent. Inam went from Lahore to Rawalpindi in October 1986 for "vital negotiations" on the steel and in January 1987 terms for the deal were dictated to Inam during yet another trip to Rawalpindi and then relayed verbatim to Pervez for implementation. KRL is the only plausible Rawalpindi customer for the billets of maraging steel. Also, "companies" listed on documents such as letters-of-credit used by Inam and Pervez have a historical record in our intelligence showing them to be cut-outs used by KRL in clandestine deals involving not only Inam but other intermediaries as well. The link between KRL and Pervez's maraging steel strengthens daily.

PAEC-Pervez, Too. Based on the specifications Pervez gave for the beryllium, the likely end-user would be PAEC. Inam has served primarily KRL during his illustrious career but he has also brokered PAEC requirements on many occasions. This beryllium sample is precisely the size needed for use in the PINSTECH reactor and PAEC has been after needed quantities for years. Limiting GOP culpability to A.Q. Khan is therefore only tenable in the case of the maraging steel, not the beryllium Pervez was convicted of trying to export without the required license.

Zia/Junejo Role. The Pervez effort began in earnest in September 1986 and was unaffected by any GOP instructions to stop procurement activity in the US, real or cosmetic, which may have been issued by Zia or Junejo in spring 1987. Even now, after more credible orders to cease US procurement have been largely confirmed, we see continued efforts by PAEC officials, including some in the most sensitive nuclear weapons group, engaging in clandestine plotting to circumvent US export controls. Zia and Junejo may have deniability when it comes to specifics but they have allowed the nuclear procurement network to flourish and the clandestine ethic to become ingrained in their subordinates and agents. Without the umbrella of their overall approval, protection and funding the network could not function.

Nuclear Shopping Lists. We have come to realize that Pervez was a convenient tool for both Inam and another Pakistani nuclear procurement agent, Khan Abbas Khan, to use in obtaining sensitive goods in the US. A shopping list of items for the Pakistani nuclear organizations was continually supplied to Pervez by Inam and Khan over the course of ten months, thus making it difficult to write off the maraging steel and beryllium deals as renegade capers masterminded solely by Inam.

GOP Cooperation. Zia and Junejo commitments to cooperate with the US on the Pervez case have thus far remained unfulfilled. The GOP has been adroit at assigning blame to the US for this situation but the anticipated US attempt to extradite Inam will be indicative of GOP good faith. Real cooperation,

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though, would only expose the secret Pakistani nuclear weapons program to more US scrutiny. Having come to the verge of nuclear weapons capability through a web of intrigue and deception, Zia would not be likely to let the facts to come to light.

Son of Pervez? For perhaps different reasons, both the US and the GOP are hoping that another Pervez case does not happen. The latest commitments Zia and Junejo have made regarding an end to US procurements for their nuclear organizations may even be sincere. There is, however, the very real possibility that more damaging cases may be in the offing, being carried to fruition by functionaries with interests immune to our bilateral concerns. At this juncture, well-meaning GOP edicts may have come too late to forestall additional Pervez-like episodes.

The Larger Context. Since the Solarz amendment was enacted more than two years ago there has been no let-up in efforts by elements of the Pakistani nuclear weapons program to acquire US goods and in some cases it appears they have succeeded. Evidence of these efforts has been fragmentary, never allowing for comprehensive evaluation for the Solarz threshold. But clearly the Pakistani nuclear procurement network did not take heed from the 1985 Vaid/krytron case, which prompted the Solarz amendment, and the GOP's failure to impose restrictions then encouraged the mentality that resulted in Pervez.

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