



## Chapter four

# THE END OF THE A.Q. KHAN NETWORK

### Case closed?

At a regular weekly briefing on 2 May 2006, Pakistan's Foreign Ministry spokesperson responded to questions regarding the release a few days earlier of Dr Muhammad Farooq, a former director at Khan Research Laboratories (KRL) dealing with centrifuges, and the last of A.Q. Khan's Pakistani associates to remain incarcerated. The spokesperson said that 'as far as we are concerned this chapter is closed'.<sup>1</sup> In other words, Farooq's release – apparently, as with A.Q. Khan, to house arrest – marked the end of Pakistan's investigations into the Khan network. It was no coincidence that Pakistan's announcement came after President George W. Bush finalised the much heralded US–India civil nuclear cooperation agreement during a visit to India and then, in a follow-on stop in Islamabad, confirmed Washington's refusal to replicate such a deal with Pakistan because of its past proliferation activity. Islamabad hoped to put its poor record behind it, and be recognised for the steps it had taken to put its nuclear infrastructure under proper stewardship.

In response, officials and pundits around the world expressed consternation at what many of them characterised as a whitewash of the worst proliferation crime ever. A subcommittee of the US House of Representatives International Relations Committee held a hearing to ask: 'The A.Q. Khan network: case closed?' Experts testified at the hearing that onward proliferation from Pakistan may be continuing, and legislators complained that the United States should be able to question Khan directly, particularly in light of new claims that Iran was pursuing advanced P-2 type centrifuges based on designs and samples provided by Khan.<sup>2</sup> The light penalties meted out to Khan and his associates in Pakistan, and the lack of transparency regarding the government's role in Khan's nuclear sales, led many commentators to

conclude that the A.Q. Khan network could not yet be safely consigned to the past.

Islamabad's official line is that governments of the day did not know the true extent of A.Q. Khan's activities, and that what was known about his corruption was overlooked because of his political stature and his contribution to national security. The head of KRL was not removed from his position until General Pervez Musharraf came to power and learnt of his activities. Pakistan's nuclear tests had brought its hitherto covert nuclear programme into the open, and exposed the need to reform the nation's rudimentary nuclear command-and-control system. Nevertheless, the official account is that Khan was able to evade governmental oversight until new revelations gave Musharraf the ammunition to put him out of business once and for all.

Notwithstanding this official account, former Pakistani governments' knowledge of, and even involvement in, A.Q. Khan's onward proliferation activities remains open to debate. As discussed in the previous chapter, the relationship between A.Q. Khan and the Pakistani government does not lend itself to easy delineation. The official Pakistani line – that the exports to Iran, North Korea and Libya were the work of one errant man and his duped associates – cannot be taken at face value, but neither is there validity to the claim that Khan was a front, doing the government's bidding in each of these cases. Indeed, a careful analysis shows that most of Khan's dealings were carried out on his own initiative. What is certain is that whatever reasons led Pakistani leaders to ignore, acquiesce in, and in some cases possibly abet Khan's nuclear-related sales, the 11 September 2001 terrorist attacks on New York and Washington dramatically changed the dynamic. Washington's concern about the nexus between terrorism and proliferation, Bush's insistence that countries were either with America or against it in the 'war on

terrorism', and the irrefutable evidence relating to Khan's activities forced Musharraf to crack down. He could not afford to be on the wrong side of the United States.

### Early suspicions

Although A.Q. Khan enjoyed freedom of action during most of his working career in Pakistan, there is evidence that officials in the Pakistani security establishment were suspicious of his activities from as early as 1989. Ever since the rule of President Zia ul-Haq in the 1980s, each successive Pakistani government had found a reason to worry about KRL. In some cases they reportedly ordered investigations. Until 2001, however, A.Q. Khan's illicit activities were overlooked due to the importance of his laboratories to national security as well as his heroic status among the Pakistani populace. The government wanted to make use of his skills and the connections established in his network for as long as possible, and consequently gave him free rein until finally forced to take action.

Musharraf wrote in his September 2006 memoir that 'for years, A.Q.'s lavish lifestyle and tales of his wealth, properties, corrupt practices, and financial magnanimity at state expense were generally all too well known in Islamabad's social and government circles. However, these were largely ignored by the governments of the day, in the larger interest of the sensitive and important work in which he was engaged. In hindsight, that neglect was apparently a serious mistake.'<sup>3</sup> Regardless of the accuracy of Musharraf's contention that he was unaware of Khan's proliferation sales until informed by the United States, there can be no doubt about the serious consequences of Pakistan's failure to take action earlier.

The first time A.Q. Khan committed a problematic indiscretion was in April 1984 when a local newspaper quoted him boasting of his achievement in enriching uranium to weapons grade.<sup>4</sup> This report created considerable embarrassment for Zia, who had assured the United States and other concerned nations of the peaceful nature of Pakistan's nuclear programme. Zia had concluded a nuclear restraint agreement with the Reagan administration that provided the basis for renewed US–Pakistan military cooperation and arms transfers designed to oust the Soviet Union from Afghanistan. However, Khan's boast helped validate US intelligence findings about Pakistan's nuclear weapons programme. This led the US Congress to step up pressure on Reagan

regarding his dealings with Pakistan, specifically in the form of the 1985 Pressler Amendment to the US Foreign Assistance Act. This made US assistance to Pakistan conditional on an annual presidential certification that Pakistan did not possess a nuclear explosive device.

Three years later, A.Q. Khan made a similar but even more serious mistake. During a spring 1987 interview with an Indian journalist at the peak of the military stand-off provoked by India's large-scale *Brasstacks* military exercise, he disclosed that Pakistan had developed the capability to manufacture a nuclear weapon.<sup>5</sup> On this occasion Zia summoned Khan in order to rebuke him. This move may have been counter-productive; the same year saw the first known interactions between Khan and Iran. Khan viewed his statement as a prudent and patriotic act and bridled at Zia's reprimand. This may have contributed to Khan's motivations in offering Iran a veritable 'shopping list' of nuclear technology and P-1 centrifuges.

According to Pakistani officials, the Directorate of Inter-Services Intelligence (ISI) had started to investigate A.Q. Khan's activities in the 1980s, but did not raise concerns about onward proliferation because the ISI's instructions were only to protect the nuclear programme and prevent foreign espionage, not to investigate Khan's proliferation activities.<sup>6</sup> Furthermore, ISI investigators did not probe A.Q. Khan's personal wealth, travel plans and acquisition efforts. However, Pakistani security and intelligence agencies occasionally noticed anomalies in his foreign travel and financial practices, which they believed warranted further investigation. One example of this was in 1989, when the ISI Director General reported to President Ghulam Ishaq Khan that A.Q. Khan was meeting 'suspicious characters' in Dubai. Rather than intensifying the surveillance on A.Q. Khan, the president warned him to be careful and stay clear of the ISI.<sup>7</sup> There are a number of possible explanations for the president's behaviour. One is that he condoned A.Q. Khan's onward proliferation (the full nature of which may not have been known at the time). Alternatively, the president could have been motivated to warn A.Q. Khan to avoid indiscretions that might also compromise the black market imports to KRL and its entities, which were then deemed vital to Pakistan's programme. President Khan had always been concerned about the secrecy and stability of Pakistan's nuclear project and, as finance minister earlier in his career, he had played a key role in arranging its secret funding.



A.Q. Khan poses after receiving the highest civil award of 'Nishan-I-Imtiaz', in undated photo taken in Islamabad. Khan was the first person to receive this award twice (AP/PA Photos)

In any case, this incident confirms that the highest authority in Pakistan wanted the role of the intelligence agencies confined to the protection, rather than the monitoring, of the programme. President Khan's action was a tacit message to the ISI not to compromise or complicate A.Q. Khan's clandestine procurement work.

Apart from the concerns raised by Pakistani intelligence officials, on numerous occasions the Pakistan Atomic Energy Commission (PAEC) – and some younger PAEC scientists seconded to KRL – warned the government that A.Q. Khan would cause a huge embarrassment if left unchecked and if there were not a thorough examination of his financial accounts and foreign activities.<sup>8</sup> Government officials continually dismissed the PAEC allegations, believing them to be motivated by institutional rivalry. (PAEC did not enjoy the same level of financial autonomy and freedom that KRL had been

granted.) However, after repeated allegations and mounting suspicion of Khan's foreign activities, the government finally decided to act. In 1996, Chief of Army Staff Jehangir Karamat ordered an investigation of the procurement activities, and an audit of the financial transactions, of both KRL and PAEC. The probe into the latter was a formality because, since its establishment in 1958, it had frequently been subjected to external and internal audits in accordance with government rules of business. In contrast, the inquiry into KRL's activities and finances was unprecedented. Predictably, A.Q. Khan and his supporters put up considerable resistance,<sup>9</sup> and the political establishment dropped the matter quite rapidly, probably because of concerns about unwanted publicity of the still-covert nuclear weapons production programme.

Two years later, under heavy US pressure to investigate A.Q. Khan, Prime Minister Nawaz Sharif ordered a detailed audit of his finances and directed the ISI to reinvestigate Khan's previous suspicious financial transactions. The ISI investigation produced hundreds of pages of information on Khan's personal assets and bank accounts,<sup>10</sup> but again, no significant measures against Khan's onward proliferation activities were taken following this audit. Pakistani officials claim that, because of the dual risks of revealing nuclear secrets and inciting domestic political opposition, the government could not afford to make more intrusive inquiries into the conduct of a man seen by Pakistanis as a national hero.

A.Q. Khan reported directly to the highest national authority in the country: first to Prime Minister Zulfikar Ali Bhutto from 1976 to 1977; then to President Zia from 1977 to 1988; and later to Ghulam Ishaq Khan from 1988 to 1993. The diffusion of political power during civilian President Ghulam Ishaq Khan's tenure saw the chief of army staff being brought into the management of Pakistan's nuclear programme, dealing directly with A.Q. Khan so that the military could retain authority over the nuclear assets.<sup>11</sup> In 1993, Chief of Army Staff General Abdul Waheed became responsible for the oversight of all scientific organisations in an interim period when both President G.I. Khan and Prime Minister Sharif had departed simultaneously after an intense political struggle. A.Q. Khan was therefore usually under the de facto operational control of senior military figures.

At Army General Headquarters, General Waheed made the Director General of Combat

Development (DGCD) responsible for coordinating the nuclear weapons programme on his behalf. The DGCD had two directorates under him that were dedicated to nuclear issues. One directorate, in concert with the Ministry of Foreign Affairs, dealt with external nuclear policy and doctrinal issues along with non-proliferation and arms-control matters. The second directorate was responsible for coordination between the scientific organisations. However, the chiefs of both directorates had no legal authority to audit KRL or question its activities, although technically it was obliged to report to DGCD.

The DGCD was the primary recipient of complaints, both from within Pakistan – stemming from the bickering between PAEC and KRL – and from abroad in the form of embassy demarches and visiting envoys, especially after Pakistan’s nuclear tests. One such complaint occurred in the aftermath of North Korea’s first test-firing, on 31 August 1998, of its two-stage, 2,000km-range *Taepo-dong-1* ballistic missile. In April that year, Pakistan had tested for the first time KRL’s single-stage, 1,500km-range *Ghauri* missile – a derivative of North Korea’s *No-dong*. The United States, Japan and other countries were deeply concerned about missile cooperation between Pakistan and North Korea, and were worried that Pakistan was also interested in acquiring a longer-range missile. In this context, North Korea’s *Taepo-dong* test was seen as part of a North Korean marketing campaign or possibly even an indication that it had a eager customer in Islamabad.<sup>12</sup> Officials visiting Islamabad from Washington and Tokyo condemned North Korea’s test and demanded to know whether A.Q. Khan had passed on technology or missile test data to the North Koreans and whether he was also involved in the *Taepo-dong* programme. In addition, fears were voiced that KRL’s interaction with the North Koreans may have included the transfer of nuclear technology. Washington asked Islamabad to monitor Khan’s foreign activities, specifically with regard to North Korea. However, for what Pakistani officials describe as political reasons, direct questioning of A.Q. Khan was out of the question.<sup>13</sup> When in 1999 Musharraf received a report, apparently from a foreign intelligence agency, that North Korean nuclear experts, in the guise of missile engineers, were being given secret briefings on centrifuges at KRL, Khan was finally called in for questioning. However, he denied the charge and no further action was taken.<sup>14</sup>

Pakistan’s predicament was compounded in the summer of 1998 when al-Qaeda terrorists attacked US embassies in Kenya and Tanzania. The country came under increased pressure to reassure the international community that there was no connection between its nuclear programme and its policy towards Afghanistan, where the ISI was known to support the Taliban.<sup>15</sup> (The Taliban was by then in control of most of Afghanistan, where the al-Qaeda leadership had taken shelter.) By this point, the Sharif government faced multiple problems: nuclear sanctions; dealing with the Taliban and al-Qaeda in Afghanistan; crises with India over Kashmir; domestic economic strife; and civil-military tensions. In October 1998, Sharif fired General Jehangir Karamat from his position as army chief and replaced him with General Pervez Musharraf, in a bid to consolidate domestic power under the office of the prime minister. However, this manoeuvre backfired as, a little over a year later, Sharif was himself deposed by Musharraf in a military coup.

### A.Q. Khan’s removal

After Musharraf’s takeover in 1999, the government took a fresh approach toward the issues of corruption and accountability, and established a National Accountability Bureau to recover plundered national wealth. Musharraf’s government also began to look more carefully at A.Q. Khan, but often only in response to US pressure. In particular, following President Bill Clinton’s visit to Islamabad in March 2000, the intelligence services conducted a comprehensive investigation into A.Q. Khan’s foreign procurements and entrepreneurial activities. This effort resulted in a secret 120-page report detailing Khan’s irregular financial practices, his \$8 million in various bank accounts and his \$10m hotel in Timbuktu. According to a former case manager at the National Accountability Bureau, however, indicting a man seen as a national hero for corruption and financial embezzlement was beyond the Bureau’s political ability.<sup>16</sup> An indictment would have exposed national secrets and the involvement of foreign parties in Pakistan’s strategic weapons programmes. Furthermore, such a move may also have implicated past or current government and military officials. No action was taken.<sup>17</sup>

In 2000 US intelligence information passed to Pakistan – which reportedly included photographic evidence of centrifuge transfers to North Korea<sup>18</sup> – resulted in a directive to the ISI to raid an aircraft chartered by KRL and bound for North Korea.

## Chronology of the removal of A.Q. Khan

### 1996

- Chief of Army Staff Jehangir Karamat orders investigation of KRL and PAEC procurement activities and financial transactions; PAEC accepts audit as standard procedure; resistance at KRL ends query abruptly

### 1998

- Prime Minister Nawaz Sharif requests more thorough audit of A.Q. Khan's suspicious financial transactions; detailed report produced but no firm action taken against Khan's onward proliferation
- May: Pakistan tests six nuclear devices
- October: General Pervez Musharraf appointed chief of army staff

### 1999

- October: Musharraf deposes Prime Minister Sharif in military coup

### 2000

- March: Musharraf orders comprehensive investigation into Khan's foreign procurements and entrepreneurial activities; report details Khan's irregular financial practices, \$8 million in various bank accounts and \$10m hotel in Timbuktu
- ISI raids plane chartered by KRL and bound for North Korea; no evidence found
- Autumn: Khan attempts to arrange a secret flight to the Iranian city of Zahedan; this violates new procedures requiring formal approval for all foreign travel and business arrangements

### 2001

- March: Khan removed from KRL post and appointed special adviser to the

chief executive on strategic and KRL affairs

- June: Musharraf declares himself president of Pakistan

### 2002

- US intelligence analysts suspect that North Korea has embarked on an industrial-scale uranium enrichment programme, with possible assistance from Khan and his associates
- August: Natanz nuclear enrichment facility in Iran publicly revealed; international suspicion over the activities of both Khan and Pakistan deepen
- October: US confronts North Korea over covert enrichment programme

### 2003

- August: Iran officially confirms Pakistan as the source of the centrifuges it had used in experiments
- September: CIA presents evidence to President Musharraf of Khan's activities, including transfer of centrifuge technology to Iran
- October: US presents further evidence and urges Musharraf to take immediate action against Khan; Musharraf orders military investigation into this new information
- October: *BBC China* intercepted en route to Libya

■ During his interrogation, Khan tries to hinder investigation efforts by revealing only the names of dead individuals; in two secret letters, he advises the Iranians to use same tactic with IAEA

- December: Libya renounces nuclear weapons programme, details of which deeply involve Pakistan

- December/January: 26 individuals, including three KRL directors-general and two retired brigadiers, brought in for questioning

### 2004

- January: Further evidence provided by Secretary Powell and Pakistani military's investigation of Khan; Musharraf convenes special meeting of NCA
- 31 January: Khan formally removed as special adviser to the prime minister and placed under house arrest
- 1 February: Khan summoned for meeting with Musharraf; under pressure, Khan confesses
- 4 February: NCA meets a second time to discuss how to deal with Khan
- Khan meets Musharraf for 45 minutes, and requests clemency
- 4 February: Khan makes a public confession on Pakistani television, taking full responsibility for the proliferation 'activities' and citing an 'error of judgement'
- 5 February: Musharraf grants Khan official pardon
- July: All of those formally arrested have been released by this time, with exception of Muhammed Farooq

### 2005

- August: Musharraf publicly confirms that Khan supplied North Korea with centrifuges and their designs

### 2006

- 30 April: Farooq released; Pakistan claims Khan investigation to be complete

Nothing was found during the raid, apparently because of a tip-off. In autumn of the same year, the ISI reported additional foreign contacts and travel plans by A.Q. Khan, including an attempt to arrange a secret flight that included 'refuelling stops both ways' in Zahedan, an Iranian city close to the Pakistani border noted for its smuggling activity.<sup>19</sup> This was a clear violation of new procedures that required Khan

to obtain formal approval for all foreign travel and business. Given the accumulation of so many questionable incidents, along with his growing resistance to military authority and oversight, Khan's outright refusal to discuss his Zahedan trip plans was the final straw that convinced Musharraf to remove him. In light of the political stakes involved in dealing with a national hero, however, the removal was handled

carefully. In March 2001, A.Q. Khan was ceremoniously retired from his KRL post and appointed as special adviser to the chief executive on strategic and KRL affairs, a post equivalent in rank to a federal minister. Khan's proliferation activities apparently shifted to Dubai, although he retained loyal subordinates among KRL's staff.<sup>20</sup> Even after his removal from KRL, in 2002 Khan travelled to Mali and other destinations in Africa along with several senior KRL staff, one of many continuing acts of apparent insubordination.<sup>21</sup> This was more than likely in connection with Khan's onward proliferation to Libya but could also have been related to his hotel investment in Timbuktu or even to seek new markets for surplus KRL equipment.

Even though Khan had been removed and the military's grip tightened over KRL, US policy-makers and diplomats continued to express concern about the security and safety of Pakistan's nuclear weapons establishment. Washington was particularly concerned about the possibility of an extremist takeover of Pakistan, and feared that Pakistani nuclear assets might fall into the hands of religious radicals. While Musharraf and army officials attempted to reassure the Americans that new command and control arrangements had been implemented, suspicions about the possible impact of Khan's activities continued to mount.<sup>22</sup>

In the summer of 2002, during the height of the crisis with India (it was feared that nuclear war could erupt over border tensions, sparked by a jihadist attack on an Indian Army family housing compound), Pakistani army officials say they rushed C-130 aircraft to Pyongyang to pick up shoulder-fired SA-18 surface-to-air missiles which they had purchased for \$500m.<sup>23</sup> Although Musharraf promised US Secretary of State Colin Powell that no sensitive technology was being exchanged, this explanation did not satisfy US concerns. By 2002, evidence of North Korean foreign procurement convinced US intelligence analysts that the Pyongyang regime had embarked on an industrial-scale uranium enrichment programme. Among Western intelligence agencies, A.Q. Khan was believed to be the prime suspect for supplying the requisite enrichment technology to North Korea. In October 2002, James Kelly, the US Assistant Secretary of State for East Asia, confronted the North Koreans over their enrichment programme, thus setting in motion a new North Korean nuclear crisis.

Meanwhile, in August 2002 the existence of the Natanz enrichment facility in Iran was publicly

revealed by an exiled Iranian opposition group. This again led to heightened suspicions over the activities of A.Q. Khan and, more broadly, Pakistan. In August 2003, Iran confirmed to the International Atomic Energy Agency (IAEA) that centrifuges it used in experiments had come from Pakistan. Iran had previously claimed its enrichment programme was entirely indigenous but it changed its story after the IAEA presented it with incriminating evidence of highly enriched uranium particles picked up in swipe samples.

While the issue of A.Q. Khan's onward proliferation was to have been raised at a June 2003 US–Pakistan summit at Camp David, it was taken off the agenda because of concerns that doing this in a bilateral context might have disrupted secret UK–US disarmament negotiations with Libya. However, in New York on 24 September 2003, CIA Director George Tenet revealed to Musharraf evidence of Khan's illicit dealings, including the transfer of P-1 centrifuge technology to Iran,<sup>24</sup> while on 6 October, Deputy Secretary of State Richard Armitage again met Musharraf in Islamabad and repeated the necessity for immediate action against Khan, reportedly presenting 'mind-boggling' evidence.<sup>25</sup>

Musharraf ordered the heads of the military's Strategic Plans Division (SPD) and ISI to investigate the new American evidence against Khan. Immediately after 11 September 2001, the Director General of the ISI, Lt-Gen. Ehsan ul-Haq, had overseen the removal of pro-Taliban officers from the organisation. The ISI, which previously had been tasked to protect Khan's procurement network, now became the eyes and ears of the SPD. When the heads of the ISI and the SPD met A.Q. Khan at his house, they confronted him with allegations based on US revelations and their own internal investigation.<sup>26</sup> Khan protested that he was being insulted and at first denied every allegation made against him; when pressed, he is reported to have stated that every army chief since Zia ul-Haq knew of his activities and that, if indicted, he would reveal every national secret and expose all those involved. The ISI intercepted two letters Khan tried to send secretly to Iran, asking that Tehran not reveal anything new to the IAEA. With typical hubris, Khan wrote of future proliferation activities, claiming that he would soon be back in business after the current crisis subsided.<sup>27</sup>

In December 2003, investigators detained two directors of KRL, Muhammad Farooq and Yassin Chauhan. This was followed by the detention of:

Pakistani citizens detained in relation to proliferation investigations	
<b>A.Q. Khan</b> Founder and former head of Khan Research Laboratories	<ul style="list-style-type: none"> <li>■ Confessed to involvement in clandestine international network of nuclear weapons technology proliferation</li> <li>■ Placed under house arrest on 31 January 2004</li> <li>■ Granted official pardon by President Pervez Musharraf on 5 February 2004</li> <li>■ Remains confined to house, except for medical treatment</li> </ul>
<b>Muhammed Farooq</b> Former director dealing with centrifuges	<ul style="list-style-type: none"> <li>■ Detained early December 2003 and held under the Official Secrets Act</li> <li>■ Released from custody on 30 April 2006, after which he apparently was placed under house arrest</li> </ul>
<b>Yassin Chauhan</b> KRL director and metallurgist	<ul style="list-style-type: none"> <li>■ Detained the first week of December 2003 and kept in custody for about two weeks</li> <li>■ Under government surveillance and lost all travelling privileges</li> </ul>
<b>Major Islam ul-Haq</b> Retired major, former personal assistant to A.Q. Khan	<ul style="list-style-type: none"> <li>■ Detained in January 2004 for six months, after which he was placed under house arrest</li> </ul>
<b>Saeed Ahmed</b> Head of KRL centrifuge design	<ul style="list-style-type: none"> <li>■ Detained for questioning in December 2003 and released on 21 January 2004</li> </ul>
<b>Mohammad Zubair</b> Nuclear scientist	<ul style="list-style-type: none"> <li>■ Detained for questioning in December 2003 and released on 21 January 2004</li> </ul>
<b>Brigadier Iqbal Tajwar</b> Retired brigadier, former KRL security director	<ul style="list-style-type: none"> <li>■ Detained in January 2004; release date unknown</li> </ul>
<b>Nazir Ahmed</b> Chief engineer, KRL metallurgy department; also involved in missile programme	<ul style="list-style-type: none"> <li>■ Detained in January 2004 for six months, after which he was placed under house arrest</li> </ul>
<b>Brigadier Sajawal Khan Malik</b> Retired brigadier, KRL head of security	<ul style="list-style-type: none"> <li>■ Detained in January 2004 for 6 months, after which he was placed under house arrest</li> </ul>
<b>Aizaz Jaffrey</b> Businessman rumoured to be a chief financial manager for the Khan network	<ul style="list-style-type: none"> <li>■ Detained January 2004 for questioning over suspicions about trips to Dubai and Iran made after Khan's arrest</li> </ul>
<b>Ahmad Naseemuddin</b> KRL head of missile manufacturing	<ul style="list-style-type: none"> <li>■ Detained in January 2004; release date unknown</li> </ul>
<b>Mansoor Ahmad</b> Former Director General of the KRL health and physics department	<ul style="list-style-type: none"> <li>■ Detained in January 2004; release date unknown</li> </ul>
<b>Saeed Mansoor Khan</b> Nuclear scientist	<ul style="list-style-type: none"> <li>■ Detained in January 2004 and held for about one week</li> </ul>
<b>Sultan Bashiruddin Mahmood</b> Former PAEC director for nuclear power and founder of Ummah Tameer-e-Nau	<ul style="list-style-type: none"> <li>■ Accused of meeting with al-Qaeda leaders (see chapter five)</li> <li>■ Detained on 23 October 2001 for three months, after which placed under house arrest</li> </ul>
<b>Abdul Majid</b> Retired PINSTECH expert on nuclear fuels	<ul style="list-style-type: none"> <li>■ Accused of meeting with al-Qaeda leaders (see chapter five)</li> <li>■ Detained on 23 October 2001 for three months, after which placed under house arrest</li> </ul>

Major Islam ul-Haq, a former personal assistant to A.Q. Khan; Brigadier Iqbal Tajwar, former head of security of KRL; Dr Nazir Ahmed, KRL metallurgy department chief engineer (who was also involved with the missile programme); Saeed Ahmed, head of centrifuge design at KRL; and retired brigadier

Sajawal Khan Malik, KRL's security director. Businessman Aizaz Jaffrey, rumoured to be a chief financial manager for the network, was brought in for questioning over suspicions about trips he made to Dubai and Iran in the aftermath of Khan's arrest.<sup>28</sup> Also detained were Ahmad Naseemuddin,



A.Q. Khan meets Musharraf at the presidential palace 4 February 2004. During this 45-minute meeting Khan requested clemency (AP/PA Photos)

head of missile manufacturing at KRL, Mansoor Ahmad, former Director General of the KRL health and physics department; and nuclear scientists Mohammad Zubair and Saeed Mansoor Khan. Several of those detained were kept in solitary confinement in what they claimed were small, sweltering rooms. In all, at least 26 individuals, including three KRL directors general and two retired brigadiers, were interrogated.<sup>29</sup> The questioning went beyond KRL and included two PAEC draughtsmen who had drawn up sensitive nuclear blueprints.<sup>30</sup> The investigation even led to questions being posed to former Pakistani army chiefs General Aslam Beg and General Jehangir Karamat. However, less than half of those detained were formally arrested, and, with the exception of Farooq, most of those jailed were released by July 2004. Details of the investigation, including who was arrested and who was simply detained ('for debriefing,' in the government lexicon), the charges and laws under which Khan's associates were detained, the grounds for their release, and the identities of those who were put under a form of continued 'house arrest' have not been made public. None were prosecuted, as far as is known.

While the investigation was at its peak, Libya made a shocking acknowledgement and renuncia-

tion of its nuclear weapons programme, the details of which deeply involved Pakistan. At the end of January 2004, Powell called Musharraf and had a 'general-to-general' talk. By then, the military's investigation had reached some significant conclusions. With the additional evidence provided by Powell, Musharraf convened a special meeting of the National Command Authority (NCA, the country's highest decision-making body, see pages 110, 111) on 31 January 2004, formally removing A.Q. Khan as special adviser to the prime minister and placing him under house arrest.

### **Detention of Khan**

On 1 February, A.Q. Khan was summoned for a face-to-face meeting with the president. Musharraf later said that he first asked A.Q. Khan to be straight with him. Khan denied the initial allegations that he aided Iran, claiming them to be motivated by a US conspiracy. Accounts of the meeting indicate that Musharraf then provided more evidence from the internal investigation and that, in response, Khan stated that he had been persuaded by two deceased senior aides of Prime Minister Benazir Bhutto to covertly provide nuclear technology to Iran. Musharraf continued to cite additional evidence of Khan's wrongdoings, including financial transac-



Opposition supporters praise A.Q. Khan at a rally in Karachi, Pakistan, 5 February 2004, the day after his televised confession (Shakil Adil/AP/PA Photos)

tions and the letters that the ISI had intercepted en route to the Iranians, advising them to employ the same tactic of pointing the blame only at deceased individuals that Khan was using at that very meeting. Khan buckled, collapsed and begged for mercy.

Khan's confession led to another special NCA meeting on 4 February 2004 on how best to deal with him. One option was to hold a public trial, though this was deemed to be fraught with danger, including the possible exposure of Pakistani national secrets and, furthermore, the lack of any national export control legislation under which Khan could be charged. A second option was to hold a closed trial. The cabinet of Prime Minister Zafarullah Jamali turned this option down because of Khan's stature and the likelihood of substantial domestic political fallout. A third option was to make Khan confess his crime publicly and seek a public pardon; this was the option that found favour. However, in order to proceed, it first had to be established that Khan had violated the law – the Official Secrets Act – for which the presidential pardon was sought.<sup>31</sup> Consequently, given Pakistan's legal process, an initial investigative report had to be logged with the local police. Former law minister S.M. Zafar – who had also defended Khan in the Netherlands in

the 1980s – was brought in to negotiate, and a deal was made whereby Khan would sign a 12-page confession. In a 45-minute meeting with Musharraf, Khan accepted full responsibility for his activities and made a request for clemency. Khan's written confession has not been made public but, later on 4 February 2004, he appeared on television and admitted abusing the confidence of the Pakistani state and people. His speech was made not in Urdu but in English – a clear sign that Islamabad's target audience was the international community rather than the Pakistani 'man in the street'. Taking full responsibility for the proliferation 'activities', he emphasised that the government had never authorised them. This contradicted Khan's earlier account to investigators that his proliferation activities had been approved by former chiefs of army staff Beg, Karamat and Musharraf.<sup>32</sup> The next day Musharraf granted an official pardon, which a Foreign Ministry spokesman later said was 'conditional' and 'specific to charges made so far'.

There was an immediate reaction within Pakistan, especially from the hard-line Islamist opposition parties, which demonstrated in favour of Khan and accused Musharraf of embarrassing a national hero. Parliamentary debates led to accusations that Musharraf had succumbed to US pressure.

Retired army generals alleged that the president's decision would soon lead to Pakistan's submission of its nuclear arsenal to joint custody with the United States.

In a press interview on the day of the confession, then National Security Adviser Condoleezza Rice said Khan's 'national humiliation is justice for what he did'. Since February 2004, he has been under house arrest. His house is heavily guarded, and he is prohibited from having any outside contacts. His daughter Dina complained in a BBC interview that the family's mail is opened, their telephones tapped and the house bugged. Khan has since suffered high blood pressure and other health problems, including prostate cancer, for which he had surgery in August 2006. Hospital visits have been the only occasions in which he has temporarily left house arrest. Following the publication of Musharraf's memoir, in which he recounted the A.Q. Khan crisis, political pressure has increased within Pakistan to allow Khan to defend himself.

### **Cooperation with the IAEA and foreign governments**

Pakistan generally kept the US apprised of its decisions regarding A.Q. Khan. Washington's primary objective was to unravel the network and shut down its operations as fast as possible, a goal that was more likely to be achieved with Khan's cooperation. Bringing him to justice was a secondary objective and more complicated. Khan's activities were those of an individual in charge of a scientific organisation in a state that was not a member of the Nuclear Non-Proliferation Treaty (NPT), and therefore was not in violation of international law.

The United States sought to interrogate Khan directly but, given the domestic political pressures on Islamabad, even the rumour of such a deal would have been politically prohibitive. It was resisted by the army because of national security concerns. The Pakistani government agreed that Washington could submit questions to Khan, the responses to which were passed back to Washington. Pakistan also posed questions to Khan on behalf of the UK, Japan and South Korea in connection with their investigations of Khan network associates, as well as on behalf of the IAEA, to their mixed satisfaction. The United States publicly praised Pakistan's cooperation. However, officials in various Western capitals were frustrated that by 2006 Pakistan had stopped providing information on the grounds that the Khan interrogation was complete.<sup>33</sup>

Pakistan's cooperation with the IAEA is crucial to the agency's continuing efforts to unravel A.Q. Khan's network. As with US and UK intelligence agencies, the IAEA wants to know exactly what Khan sold and to whom. It is vitally important to learn which other countries were at the receiving end of his onward proliferation. Khan's travels took him many times to several Middle Eastern countries, including Egypt, Saudi Arabia and Syria, all of which are potentially prone to proliferation. According to Pakistani authorities, Khan's interrogation has not revealed anything substantive to suggest that the network was actively involved in providing nuclear components to these countries. Pakistani officials acknowledge that Khan may have discussed potential 'business arrangements' with those countries, as he did with Iran, Iraq, North Korea and Libya, but to date it is unclear whether any actual transactions were completed.<sup>34</sup>

Islamabad's cooperation has also helped the IAEA judge the completeness and correctness of Iran's answers to their questions over its previously clandestine uranium enrichment programme. To confirm Iran's revised story – that the HEU traces were the result of centrifuges having been contaminated by their origin in Pakistan's weapons programme – the IAEA sought to match the isotopic signature of the centrifuges inspected in Iran with that of Pakistani centrifuges. Although the IAEA's request to sample Pakistan's centrifuges was initially declined, after considerable deliberation and heated parliamentary debate Pakistan cooperated and eventually sent centrifuges from the same set as those sold to Iran to Vienna for forensic testing by the IAEA. The signatures pointed to Pakistani enrichment as the source of most of the contamination,<sup>35</sup> thus indicating that before 2003 Iran did not enrich uranium beyond a low percentage. As discussed in chapter three, however, many questions remain outstanding about the Khan network's assistance to Iran, including whether it provided the same, nearly complete, weapon design the network sold to Libya.

Like Washington, the IAEA has accepted that Pakistan will not allow it to question A.Q. Khan directly, on grounds of protecting national security information. Pakistani officials maintain that, after two and a half years of ISI interrogation, there is no information left to extract. Nonetheless, there are ways in which Pakistan can assist the IAEA's ongoing investigation and requests for information without conceding direct access to Khan. As of the

end of 2006, the IAEA continued to ask about Khan's activities, including why the network was procuring parts for P-1 centrifuges in 1985 (two years earlier than the Iran deal began) when Pakistan was already shifting its focus to the P-2 model.<sup>36</sup>

### Rolling up the international network

For the IAEA and for the intelligence agencies of several governments, the A.Q. Khan network is not closed. Investigators believe there is still more to be uncovered about the network's activities. In an 11 February 2004 speech, Bush said governments around the world had worked closely with the US to unravel and put an end to the A.Q. Khan network. Since then, governments of many the countries implicated have taken various enforcement actions against associates of Khan. Following is the status of those cases as of March 2007:

#### Malaysia

SCOPE factory director B.S.A. Tahir, whom Bush described as Khan's chief financial deputy and money launderer, was given a two-year detention in May 2004 under Malaysia's Internal Security Act. Although Malaysian police exonerated him of violating Malaysian law, the arrest allowed the government to continue to question him for his role in assisting Libya's nuclear weapons programme. The detention order was extended in 2006, despite intense lobbying by his politically well-connected Malaysian wife. As of March 2007, he was under house arrest.

#### UAE

According to the US, 'UAE authorities have been very helpful in unravelling the network' and in 'following up to ensure that all those who were involved in that network are appropriately punished'.<sup>37</sup> Neither the UAE nor the US has made public what specific enforcement actions the UAE has taken and against which individuals. Tahir's Dubai companies, SMB Group and SMB Computers, have been put out of business.

#### South Africa

In September 2004, South African authorities arrested Johan Meyer, president of TradeFin Engineering, and charged him with three criminal counts of trafficking sensitive nuclear equipment between November 2000 and 2001. Six days after his arrest, charges were dropped against Meyer, who apparently agreed to testify against two other parties in

the scheme: Gerhard Wisser, the owner of Krisch Engineering, and its managing director, Daniel Geiges. The final indictment has been served against them, and in March 2007 prosecutors applied for the bulk of the case against them to be heard *in camera*, in order to prevent proliferation-sensitive information from entering the public domain.

#### Switzerland

Authorities have held Urs and Marco Tinner in custody since September 2005, awaiting formal charges related to Khan network investigations. Their father Friedrich was held in detention for five months. F. Tinner had come under suspicion as early as the 1970s for assisting the Iraqi and Pakistani nuclear programmes as the person in charge of exports at Vakuum-Apparate-Technik (VAT). He and his new company Phitec AG (formerly CETEC) were investigated for shipping fluoride-resistant valves destined for Iraq for use in centrifuges. In the investigations regarding sales to Libya, at least one of the sons cooperated with the CIA in hopes of having charges dropped, but Swiss law does not allow such plea-bargaining and how helpful the Tinnners were to the investigation remains an open question. Marco Tinner also faces charges in Turkey, and if convicted could serve up to 32 years in prison.

#### Turkey

Turkey has begun an investigation of the activities of Selim Alguadas, president of Elektronik Kontrol Aletleri (EKA) and his alleged associates Zubeyir Baybars Cayci and Ertugrul Sonmez, along with M. Tinner, in connection with the Khan network. Alguadis denies that he knowingly transferred equipment to Libya. He could face up to 20 years' imprisonment if convicted but until charged he remains free. Turkey also arrested Gunes Cire, the director of ETI Elektroteknik, who subsequently died in 2004.

#### Netherlands

In 2005, a Dutch court sentenced Henk Slebos to one year for smuggling dual-use nuclear items to Pakistan between 1999 and 2002. He served four months and the remaining eight months were suspended. His two companies, Slebos Research BV and Bodmerhof BV, were fined a total of €97,500, while he received a personal fine of €100,000. Zoran Filipovic, an associate of Slebos, received a sentence of 180 days of community service and a fine of €5,000.

These light sentences stemmed from a court ruling that the participation of Dutch intelligence officers in searches of Slebos's offices made the evidence collected in these searches inadmissible.<sup>38</sup>

#### **Germany**

Gotthard Lerch, a long-time Khan associate who reportedly was involved in one of the network's first contacts with Iran as well as later proliferation to Libya, was arraigned in 2006 after having been extradited from Switzerland. He was charged with assisting in the development of a machine shop and with manufacturing centrifuge parts in South Africa for the Libyan nuclear programme. The prosecution alleged that Lerch earned the equivalent of US\$36m,

half of it profit, from the Libyan contracts. Lerch, who was also involved in nuclear-related sales to Pakistan and Iran, faced up to 15 years' prison if found guilty of breaking German weapons and export laws. In August 2006, his trial was halted after only four months on procedural grounds associated with evidence not forwarded by Swiss authorities and the defence being denied access to German intelligence material. Lerch was released

on bail, although the trial is expected to resume in 2007.

Germany has also taken enforcement action against other Khan associates. In 1998 Ernst Piffel, a long-time friend of A.Q. Khan, was convicted of violating the German Foreign Trade Act by supplying Pakistan with gas centrifuge parts between 1988 and 1993. He was sentenced to three years and nine months' imprisonment and fined the equivalent of US\$240,000. In 2005, in the most severe sentence meted out to an associate of the Khan network to date, Germany sentenced Rainer Vollmerich to seven years and three months' imprisonment for illicitly procuring and exporting nuclear items to Pakistan.<sup>39</sup>

In September 2004 German authorities arrested a businessman, identified only as 'Helmut R.', on suspicion of espionage and brokering a deal with an unidentified country in January 2003 for the supply of 24 manipulators used for separating plutonium

from spent nuclear fuel rods. It is believed that his work involved Iran, based on a July 2003 phoney bomb placed outside his office with a warning to cease his work with Iran.<sup>40</sup> He was released on bail shortly after being arrested in 2004, and a shadow remains over the status of the case. Despite press reports linking Helmut R. to the Khan network, the association is unclear since Khan was not known to have been involved in plutonium-related trafficking.

#### **United Kingdom**

No charges have been filed against the managers of Gulf Technical Industries (GTI) in Dubai, Peter and Paul Griffin, both British citizens who insist that anything they procured in connection with A.Q. Khan was legal.

In 2001, Britain accused Abu Siddiqui of illegally shipping nuclear dual-use items, including a 12-tonne heat treatment furnace, measuring devices, computer equipment and high-quality specialised aluminium, to the KRL complex in Pakistan from 1995 to 1999, with much of the trade going through Dubai. Siddiqui, the co-director of the now defunct firm SMB Europe Ltd (a subsidiary of Tahir's Dubai-based SMB Group), appears to have received purchase orders directly from A.Q. Khan, a family friend. Siddiqui received a 12-month suspended sentence and a £6,000 fine, as the judge determined that he was unaware that Khan intended the items to be used for nuclear weapons proliferation.

#### **Japan**

In December 2006, former Mitutoyo Corporation president Kazusaku Tezuka, four other executives and the company itself pleaded guilty to charges of violating the Foreign Exchange and Foreign Trade Law in relation to unlicensed export of centrifuge-related equipment to Malaysia that later was discovered in Libya.

#### **Republic of Korea**

Authorities prosecuted the De Young Engineering trading company for purchasing centrifuge production-related equipment from Hanbando and exporting it to Libya in violation of export control laws.<sup>41</sup> Hanbando itself was cleared of any wrongdoing. The courts, however, twice acquitted De Young Engineering of criminal violations, based on a lack of evidence regarding their intent to commit a violation. The South Korean Ministry of Commerce

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and Industry imposed an administrative sanction that prevented the company from exporting and importing for one year.

## Conclusion

The lenient penalties Pakistan gave Khan and his KRL associates, and the opacity of Pakistan's investigations and judicial proceedings continue to elicit international criticism, on the grounds that any future secondary proliferators will have reason to believe that they too would be pardoned for political reasons. In failing to exact harsh punishment on the domestic end of Khan's black market network, however, Pakistan is hardly exceptional. Most of

Khan's foreign accomplices remain free, apart from those mentioned above.

The few prosecutions and light sentences that have been imposed to date are not commensurate with the scale of the proliferation that the Khan network abetted. Nor do they create a credible deterrent to any future proliferation networks. The difficulty of applying intelligence-derived information to the evidentiary standards of the courtroom and other legal complications (e.g., in trials against Henk Slebos in the Netherlands and Gotthard Lerch in Germany) are one explanation. A more general problem is that in most countries violations of export controls are not perceived as serious crimes.

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