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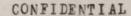
E.O. 12065: GDS 9/16/86 (REICHENBACH, A.) OR/E TAGS: PARM, TECH, ENRG, NL SUBJECT: THE KHAN AFFAIR: TUBING SUPPLIER IDENTIFIED

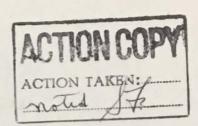
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1. (U) THE GON REPORT TO THE PARLIAMENT LAST FEBRUARY (REFTEL) ON THE KHAN CASE MENTIONED THE EXPORT FROM THE NETHERLANDS OF 6500 TUBES OF A SPECIAL HARD TYPE OF STEEL WHICH HAD BEEN CITED AS BEING PARTS FOR A GAS CENTRIFUGE SYSTEM BEING BUILT IN PAKISTAN. THE SOURCE OF THE TUBES HAD NOT BEEN REVEALED IN THE REPORT (CHAPT. 4, PARA 4.4). THROUGH THE DILIGENCE OF A LAW STUDENT AT THE CATHOLIC UNIVERSITY OF TILBURG. THE NAME OF THE SUPPLIER OF THE TUBING HAS NOW COME TO LIGET. THE STUDENT WROTE AN ART-ICLE IN THE UNIVERSITY'S NEWSPAPER WHICH CITED THE VAN DOORNE TRANSMISSIE B.V. OF TILBURG AS HAVING SUPPLIED 6,200 STEEL TUBES (CENTRIFUGE CASINGS) IN 1976, SUITABLE FOR USE IN URANIUM ENRICEMENT, TO PAKISTAN FOR THE LAT-TER'S ULTRACENTRIFUGE PROJECT. THE STUDENT SAID THAT VAN DOORNE MADE THE DELIVERIES WITHOUT AN EXPORT LICENSE FROM THE MINISTRY OF ECONOMIC AFFAIRS AND THAT AT LEAST ONE ADDITIONAL DUTCH COMPANY HAS ALSO BEEN CITED AS BEING INVOLVED IN EXPORTS F SIMILAR MATERIALS TO PAKISTAN IN THE SAME PERIOD.

 2. (U) THE VAN DOORNE COMPANY IS OWNED BY THE FORMER OWNERS OF THE LAF AUTOMOBILE/TRUCK PRODUCTION FACILITY. THEY SOLD OFF THE AUTOMOTIVE SEGMENT TO VOLVO AND THE
 TRUCK PLANT TO INTERNATIONAL HARVESTER IN 1974, KEEPING A PORTION OF THEIR OLD PLANT FOR DEVELOPMENT OF A NEW TRANSMISSION SYSTEM. THIS BUSINESS, DESPITE GON PARTI :80-589, 9! 25 PERCENT (SUBSEQUENTLY CUT TO 12.5 PERCENT), HAS NEVER PROVED SUCCESSFUL.

3. (U) THE EXPORT OF THE TUBES HAD BEEN DESCRIBED BY THE GON AS A "PARTICULARLY GRAVE OFFENSE" IN ITS REPORT TO PARLIAMENT. A SPOKESMAN FOR VAN DOORNE SAID, AFTER THE RECENT EXPOSE, THAT HIS COMPANY RECEIVED THE ORDER FOR THE TUBES THROUGH THE PAKISTANI EMBASSY IN BONN.





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HE SAID THAT THE EXPORTS HAD CEASED AFTER CUSTOMS OFFI-CIALS IN AMSTERDAM HAD FOUND THAT ABILL OF LADING FOR A SHIPMENT TO PAKISTAN DID NOT CORRESPOND WITH THE CON-TENTS OF THE RELEVANT CASES WHICH CONTAINED THE TUBES. AN ECONOMICS MINISTRY SPOKESMAN SAID VAN DOORNE CONTINUED THE EXPORT OF TUBES TO PAKISTAN DESPITE ORAL AND WRITTEN WARNINGS FROM THE GOVERNMENT NOT TO DO SO.

4. (U) BECAUSE CF THE CURRENT INTEREST IN PARLIAMENT OVER THE SOURCE OF THE TUBES, HAMSTRA PIK, MANAGER OF VAN DOORNE, SAID IN A LATER PRESS STATEMENT THAT ON SEPTEMBER
19, 1979, SOME 300 TUBES WERE RETURNED BY CUSTOMS AT SCHIPHOL AIRPORT. THEN WE NOTICED WE NEEDED AN EXPORT LICENSE. UP TO THAT TIME WE HAD DONE EVERYTHING VERY
OPENLY ... NO SECRETS. THERE IS NO INVOLVEMENT OF MY FACTORY IN THE CONSTRUCTION OF THE ENRICHMENT FACTORY IN PAKISTAN. WE ONLY EXECUTED 5 OR 6 ORDERS FOR THE TUBES. THEY ARE VERY COMMON TUBES THAT CAN BE ORDERED ANYWHERE HE SAID.

5. (C) FOLLOWING THE RECENT ANNOUNCMENT, THE ECONCOUN CALLED ON C.F. BOUVEY OF THE ENERGY POLICY STAFF OF THE MINISTRY OF ECONOMIC AFFAIRS, WHO CONFIRMED THE ALLEGA-TIONS INVOLVINV VAN DOORNE TRANSMISSIE. HE SAID THE FIRM WAS AWARE THE TUBES WERE BEING SHIPPED TO PAKISTAN AND THAT THE MAITER HASNOW BEEN TURNED OVER TO THE STATE CRIMINAL INVESTIGATION DEPARTMENT FOR JUDICIAL INQUIRY. IT IS OUT OF THE HANDS OF HIS MINISTRY, ALTHOUGH AN ADMISSION OF NEGLIGENCE BY CUSTOMS HAS RESULTED IN A REPRIMAND BY HIS DEPARTMENT OF THE CUSTOMS DIVISION OF THE MINISTRY OF FINANCE. BOUVEY SAID THAT MUCH OF THE CASE DATES BACK SEVEN YEARS AND THEREEY CAUSES PROBLEMS IN DEVELOPING EVIDENCE AND TESTIMONY TO PROVE THAT THE DUTCH FIRM KNOWINGLY SHIPPED THE TUBES TO PAKISTAN FOR NUCLEAR APPLICATIONS. HE ADMITTED THAT THE EXPORT OF STEEL TUBING IS NOT GENERALLY CONTROLLED BY LICENSING; HOWEVER, TRADERS ARE EXPECTED TO BE AWARE OF THE POSSIBLE NUCLEAR APPLICATION CF SOME GOODS AND TO SEEK LICENSES ACCORDINGY. BOUVEY INDICATED THAT THE INVESTIGATION WOULD TAKE ANOTHER MONTH TO COMPLETE, BUT IN THE MEANTIME STEPS ARE EIGN TAKEN TO TIGHTEN CUSTOMS PERFORMANCE TEROUGH CLOSER SCRUTINY OF DUAL-US ITEMS. JOSEPH BT

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