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Office of the
UNDER SECRETARY OF STATE
FOR POLITICAL AFFAIRS
WASHINGTON

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July 17, 1979

TO: T - Mrs. Benson
S/AS - Ambassador Smith ✓
OES - Mr. Pickering
AF - Mr. Moose
EUR - Mr. Vest
NEA - Mr. Saunders

Regarding the attached sensitive INR report on uranium from Niger for Libya and Pakistan, Mr. Newsom would appreciate your comments regarding any diplomatic action we might be able to take to bring this matter to the attention of the Government of Niger, which appears to have a reasonably responsible general attitude on this subject.

He also suggests you might wish to consider adding this subject to the list of tasks in the July S/AS memorandum to the Interagency Working Group on the South Asia nuclear problem.

Roscoe S. Suddarth
Executive Assistant

Attachment: INR Memo of 7/16/79

cc: INR - Mr. Bowdler

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RDS 2, 3, 4, 7/17/79

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DEPARTMENT OF STATE
THE DIRECTOR OF INTELLIGENCE AND RESEARCH
WASHINGTON

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July 16, 1979

TO: P - Mr. Newsom

FROM: INR - David E. Mark, Acting *DE*

Nigerien Uranium for Libya and Pakistan

In response to your recent request, we submit the following information on: a) Niger's uranium industry, and b) Niger's sales of uranium to Pakistan and Libya.

Niger's uranium mines are owned and operated by multinational consortia, but there is substantial participation by the host country. US firms are involved in development of uranium extraction projects that will come on line in the early 1980s, but no US company is involved in extraction and disposition of any uranium now produced in Niger.

Information on shipments of uranium from Niger to Libya and Pakistan is fragmentary and at times contradictory.

- We have good evidence that Libya has served as a way-station for air shipment of uranium from Niger to Pakistan, but we cannot confirm that Libya has also acted as a cover for uranium procurement for Pakistan.
- Despite assertions in the open press and in intelligence reports shared with us by India and Israel, we do not think that close cooperation in the nuclear field has developed between Pakistan and Libya. Although on the surface there is a show of excellent relations between Pakistan and Libya, a certain basic distrust between the two countries argues against nuclear cooperation.
- Libya may be stockpiling uranium from Niger for its own purposes rather than shipping significant quantities to Pakistan.

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RDS 2,3,4, 7/12/09 Multiple sources

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Niger's Uranium Industry

In the early 1970s France dominated Niger's uranium mining industry. Niger's national mining concern, ONAREM, had only an 8 percent interest in the four-nation SOMAIR consortium (Niger, France, West Germany, and Italy). By now, however, Niger has increased its ownership to 33 percent of SOMAIR and 31 percent of COMINAK, another four-nation consortium representing Niger, France, Japan, and Spain. In addition to profits from the steadily increasing consortia sales, Niger has, since 1977, received a portion of domestic uranium production to sell on the world market. The size of this allotment is not known, but it is thought to be smaller than Niger's ownership share in the consortia.

In 1978, Niger produced 2,060 metric tons of uranium valued at \$214 million--the fifth largest production in the Western world. Production this year is expected to reach 2,800 metric tons and by 1984, 8,400 metric tons; Niger will then be the Western world's third largest uranium producer and will supply 50 percent of the uranium used by the European Community.

Niger's first uranium mine, Arlit, is its most important source of export revenue. Opened in 1971 by SOMAIR, Arlit has steadily increased its production from 410 metric tons in 1971 to 1,800 metric tons in 1978. Niger's second mine, Akouta, is operated by COMINAK. Production at this mine, which opened in 1978, is expected to reach 1,750 tons in 1979. A third mine, Arni, operated by COGEMA (France) and ONAREM, is under construction and should begin producing in late 1981.

Uranium Sales to Pakistan

In January 1977, Pakistan requested IAEA approval of unilateral submission-type safeguards on yellowcake which it planned to purchase from Niger. (Niger had insisted on the application of safeguards as a condition of the sale, as it claims it does with all prospective buyers.) The IAEA was given to believe at the time that the uranium was intended for fabrication of fuel for the nuclear power reactor at Karachi, possibly by a third country.

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The IAEA gave its approval the next month. The agreement included a no-explosive-use clause and a requirement that Pakistan notify the IAEA of the arrival of more than one metric ton of uranium in Pakistan within two weeks of its arrival; if less than one metric ton was involved, within three weeks. Independent notification by Niger of the export of uranium or by the country fabricating fuel for Pakistan was not mandatory. The total amount of uranium to be covered by safeguards was not mentioned. Published records indicate that in 1977 Niger sold its portion of domestic uranium production to Belgium and Pakistan.

According to information provided to the US confidentially by French officials this June, 50 metric tons of safeguarded uranium (believed to be in concentrate form) were shipped to Pakistan in 1977, 50 in June 1978, and 10 in March 1979. In addition, unsafeguarded uranium reportedly was shipped to Pakistan by air through Libya under Pakistani guard--15 metric tons in 1978, 150 in January 1979, and 150 in March 1979. It is unclear whether the 300 tons of unsafeguarded uranium allegedly shipped to Pakistan in 1979 were entered into the national uranium accounting system of Niger. If so, they would comprise approximately 10 percent of Niger's production projected for this year.

Although the IAEA last May apparently inspected in Pakistan a quantity of Niger-supplied uranium, we do not know how much this represents of the total which Pakistan imported. Nor do we know whether the uranium was discovered by accident by the IAEA during a routine inspection of the Karachi power reactor or was inspected as a result of Pakistan's having notified the IAEA of receipt of the uranium as provided by their agreement. We also do not know whether the IAEA has inspected previous shipments of Niger's uranium.

Uranium Sales to Libya

According to clandestine reporting, Niger refused to sell uranium to Libya in 1977. In mid-1978, however, when Libya again raised the subject, Niger reportedly decided to sell Libya some uranium, if Libya would stop its intrigues in regard to migrant workers and nomads from Niger.

Libya reportedly purchased 258 metric tons in 1978, claiming that the uranium was intended solely for a nuclear power project within Libya. The purchase was covered by a supply agreement which called for the application of IAEA safeguards, as well as

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an agreement not to transfer the uranium to a third country without the consent of the Niger Government.

Niger delivered 100 metric tons to Libya late in 1978, but, after indications early this year that Libya had not complied with the safeguards, suspended shipment of the remaining 158 tons. Although Niger officials suggested that the USSR would ultimately enrich the material to be used in Soviet-built power reactors in Libya, our Mission to the IAEA believes that Libya has no requirement for Niger's uranium for itself, since the Soviets have in the past provided uranium fuel on a lease basis to their customers. Thus, the Mission infers that Libya has contracted for the uranium for other purposes.

Pakistan, however, as noted above, has procured un-safeguarded uranium from Niger on its own, according to the French. Thus, it seems unlikely that the Libyans are buying uranium for use by the Pakistanis.

Underlying political problems seem to preclude real cooperation between Pakistan and Libya on anything as sensitive as a nuclear weapons project. Although continuing high levels of military cooperation give a healthy appearance to bilateral relations, there are limits. Qadhafi continues to demand an unrestricted utilization of Pakistani military personnel, something Islamabad is unwilling to allow as it fears involvement in Arab internecine warfare. Pakistani leaders also believe that the Libyan Government has a well-deserved reputation for unreliability, especially regarding financial promises. Libya's failure to pay Pakistani seconded military personnel on time, and its tendency to attach strings to its aid projects (many of which fail to materialize), will continue to reinforce that attitude.

For his part, Qadhafi has undoubtedly been angered by Pakistan's execution of former Prime Minister Bhutto, for whom he had made several personal pleas. The Libyans are also unhappy that Pakistan failed to sever relations with Egypt after the Middle East Peace Treaty.

Drafted: INR/STA:CCohen; JSiegel; INR/RNA:PGriffin
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