

THE DEAL

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Why is Washington going easy on Pakistan's nuclear black marketers?

On February 4th, Dr. Abdul Qadeer Khan, who is revered in Pakistan as the father of the country's nuclear bomb, appeared on a state-run television network in Islamabad and confessed that he had been solely responsible for operating an international black market in nuclear-weapons materials. His confession was accepted by a stony-faced Pervez Musharraf, Pakistan's President, who is a former Army general, and who dressed for the occasion in commando fatigues. The next day, on television again, Musharraf, who claimed to be shocked by Khan's misdeeds, nonetheless pardoned him, citing his service to Pakistan (he called Khan "my hero"). Musharraf told the *Times* that he had received a specific accounting of Khan's activities in Iran, North Korea, and Malaysia from the United States only last October. "If they knew earlier, they should have told us," he said. "Maybe a lot of things would not have happened."

It was a make-believe performance in a make-believe capital. In interviews last month in Islamabad, a planned city built four decades ago, politicians, diplomats, and nuclear experts dismissed the Khan confession and the Musharraf pardon with expressions of scorn and disbelief. For two decades, journalists and American and European intelligence agencies have linked Khan and the Pakistani intelligence service, the I.S.I. (Inter-Service Intelligence), to nuclear-technology transfers, and it was hard to credit the idea that the government Khan served had been oblivious. "It is state propaganda," Samina Ahmed, the director of the Islamabad office of the International Crisis Group, a nongovernmental organization that studies conflict resolution, told me. "The deal is that Khan doesn't tell what he knows. Everybody is lying. The tragedy of this whole affair is that it doesn't serve anybody's needs." Mushahid Hussain Sayed, who is a member of the Pakistani senate, said with a laugh, "America needed an offering to the gods—blood on the floor. Musharraf told A.Q., 'Bend over for a spanking.'"

A Bush Administration intelligence officer with years of experience in nonproliferation issues told me last month, "One thing we do know is that this was not a rogue operation. Suppose Edward Teller had suddenly decided to spread nuclear technology and equipment around the world. Do you really think he could do that without the government knowing? How do you get missiles from North Korea to Pakistan? Do you think A.Q. shipped all the centrifuges by Federal Express? The military has to be involved, at high levels." The intelligence officer went on, "We had every opportunity to put a stop to the A. Q. Khan network fifteen years ago. Some of those involved today in the smuggling are the children of those we knew about in the eighties. It's the second generation now."

In public, the Bush Administration accepted the pardon at face value. Within hours of Musharraf's television appearance, Richard Armitage, the Deputy Secretary of State, praised him as "the right man at the right time." Armitage added that Pakistan had been "very forthright in the last several years with us about proliferation." A White House spokesman said that the Administration valued Musharraf's assurances that "Pakistan was not involved in any of the proliferation activity." A State Department spokesman said that how to deal with Khan was "a matter for Pakistan to decide."

Musharraf, who seized power in a coup d'état in 1999, has been a major ally of the Bush Administration in the war on terrorism. According to past and present military and intelligence officials, however, Washington's support for the pardon of Khan was predicated on what Musharraf has agreed to do next: look the other way as the U.S. hunts for Osama bin Laden in a tribal area of northwest Pakistan dominated by the forbidding Hindu Kush mountain range, where he is believed to be operating. American commanders have been eager for permission to conduct major sweeps in the Hindu Kush for some time, and Musharraf has repeatedly refused them. Now, with Musharraf's agreement, the Administration has authorized a major spring offensive that will involve the movement of thousands of American troops.

Musharraf has proffered other help as well. A former senior intelligence official said to me, "Musharraf told us, 'We've got guys inside. The people who provide fresh fruits and vegetables and herd the goats' " for bin Laden and his Al Qaeda followers. "It's a quid pro quo: we're going to get our troops inside Pakistan in return for not forcing Musharraf to deal with Khan."

The spring offensive could diminish the tempo of American operations in Iraq. "It's going to be a full-court press," one Pentagon planner said. Some of the most highly skilled Special Forces units, such as Task Force 121, will be shifted from Iraq to Pakistan. Special Forces personnel around the world have been briefed on their new assignments, one military adviser told me, and in some cases have been given "warning orders"—the stage before being sent into combat.

A large-scale American military presence in Pakistan could also create an uproar in the country and weaken Musharraf's already tenuous hold on power. The operation represents a tremendous gamble for him personally (he narrowly survived two assassination attempts in December) and, by extension, for the Bush Administration—if he fell, his successor might be far less friendly to the United States. One of Musharraf's most vocal critics inside Pakistan is retired Army Lieutenant General Hamid Gul, a fundamentalist Muslim who directed the I.S.I. from 1987 to 1989, at the height of the Afghan war with the Soviets. If American troops start operating from Pakistan, there will be "a rupture in the relationship," Gul told me. "Americans think others are slaves to them." Referring to the furor over A. Q. Khan, he added, "We may be in a jam, but we are a very honorable nation. We will not allow the American troops to come here. This will be the breaking point." If Musharraf has made an agreement about letting American troops operate in Pakistan, Gul said, "he's lying to you."

The greatest risk may be not to Musharraf, or to the stability of South Asia, but to the ability of the international nuclear monitoring institutions to do their work. Many experts fear that, with Khan's help, the world has moved closer to a nuclear tipping point. Husain Haqqani, who was a special assistant to three prime ministers before Musharraf came to power and is a visiting scholar at the Carnegie Endowment for International Peace, noted, with some pride, that his nation had managed to make the bomb despite American sanctions. But now, he told me, Khan and his colleagues have gone wholesale: "Once they had the bomb, they had a shopping list of what to buy and where. A. Q. Khan can bring a plain piece of paper and show me how to get it done—the countries, people, and telephone numbers. 'This is the guy in Russia who can get you small quantities of enriched uranium. You in Malaysia will manufacture the stuff. Here's who will miniaturize the warhead. And then go to North Korea and get the damn missile.' " He added, "This is not a few scientists pocketing money and getting rich. It's a state policy."

Haqqani depicted Musharraf as truly "on the American side," in terms of resisting Islamic extremism, but, he said, "he doesn't know *how* to be on the American side. The same guys in the I.S.I. who have done this in the last twenty years he expects to be his partners. These are people who've done nothing but covert operations: One, screw India. Two, deceive America. Three, expand Pakistan's influence in the Islamic community. And, four, continue to spread nuclear technology." He paused. "Musharraf is trying to put out the fire with the help of the people who started the fire," he said.

"Much of this has been known for decades to the American intelligence community," Haqqani added. "Sometimes you know things and don't want to do anything about it. Americans need to know that your government is not only downplaying this but covering it up. You go to bed with our I.S.I. They know how to suck up to you. You let us get away with everything. Why can't you be more honest? There's no harm in telling us the truth—'Look, you're an ally but a very disturbing ally.' You have to nip some of these things in the bud."

The former senior American intelligence official was equally blunt. He told me, "Khan was willing to sell blueprints, centrifuges, and the latest in weaponry. He was the worst nuclear-arms proliferator in the world and he's pardoned—with not a squeak from the White House."

The most recent revelations about the nuclear black market were triggered by the National Council of Resistance of Iran, a now defunct opposition group that has served as the political wing of the People's Mujahideen Khalq, a group that has been on the State Department's list of terrorist organizations since 1997. The National Council lobbied in Washington for decades, and offered information—not always accurate—about Iran. There had been suspicions about Iran's nuclear intentions since the eighties, but the country's religious rulers claimed that its nuclear facilities were intended for peaceful purposes only. In August of 2002, the National Council came up with something new: it announced at a news conference in Washington that it had evidence showing that Iran had secretly constructed two extensive nuclear-weapons facilities in the desert south of Tehran. The two plants were described with impressive specificity. One, near Natanz, had

been depicted by Iranian officials as part of a desert-eradication program. The site, surrounded by barbed wire, was said to include two work areas buried twenty-five feet underground and ringed by concrete walls more than eight feet thick. The second plant, which was said to be producing heavy water for use in making weapons-grade plutonium, was situated in Arak and ostensibly operated as an energy company.

Inspectors from the International Atomic Energy Agency, the organization that monitors nuclear proliferation, eventually followed up on the National Council's information. And it checked out.

A building that I.A.E.A. inspectors were not able to gain full access to on a visit in March, 2003, was found on a subsequent trip to contain a centrifuge facility behind a wall made of boxes. Inspectors later determined that some of the centrifuges had been supplied by Pakistan. They also found traces of highly enriched uranium on centrifuge components manufactured in Iran and Pakistan. The I.A.E.A. has yet to determine whether the uranium originated in Pakistan: the enriched materials could have come from the black market, or from a nuclear proliferator yet to be discovered, or from the Iranians' own production facilities.

Last October, the Iranian government, after nine months of denials and obfuscation—and increasingly productive inspections—formally acknowledged to the I.A.E.A. that it had secretly been producing small quantities of enriched uranium and plutonium, and had been operating a pilot heavy-water reactor program, all potentially in violation of its obligations under the nuclear-nonproliferation treaty. Some of the secret programs, Iran admitted, dated back eighteen years. At first, the country's religious leadership claimed that its scientists had worked on their own, and not with the help of outside suppliers. The ayatollahs later admitted that this was not the case, but refused to say where the help had come from.

Iran's leaders continued to insist that their goal was to produce nuclear energy, not nuclear weapons, and, in a public report last November, the I.A.E.A. stopped short of accusing them of building a bomb. Cautiously, it stated, "It is clear that Iran has failed in a number of instances over an extended period of time to meet its obligations . . . with respect to the reporting of nuclear material and its processing and use. . . . To date, there is no evidence that the previously undeclared nuclear material and activities referred to above were related to a nuclear weapons programme."

Privately, however, senior proliferation experts were far less reserved. "I know what they did," one official in Vienna told me, speaking of the Iranians. "They've been lying all the time and they've been cheating all the time." Asked if he thought that Iran now has the bomb, the official said no. Asked if he thought that Iran had enough enriched uranium to make a bomb, he said, "I'm not sure."

Musharraf has insisted that any dealings between A. Q. Khan and Iran were independent of, and unknown to, the Pakistani government. But there is evidence to contradict him. On a trip to the Middle East last month, I was told that a number of years ago the Israeli

signals-intelligence agency, known as Unit 8200, broke a sophisticated Iranian code and began monitoring communications that included talk between Iran and Pakistan about Iran's burgeoning nuclear-weapons program. The Israeli intelligence community has many covert contacts inside Iran, stemming from the strong ties it had there before the overthrow of the Shah, in 1979; some of these ties still exist. Israeli intelligence also maintained close contact with many Iranian opposition groups, such as the National Council. A connection was made—directly or indirectly—and the Israeli intelligence about Iran's nuclear program reached the National Council. A senior I.A.E.A. official subsequently told me that he knew that the Council's information had originated with Israeli intelligence, but he refused to say where he had learned that fact. (An Israeli diplomat in Washington, asked to comment, said, "Why would we work with a Mickey Mouse outlet like the Council?")

The Israeli intercepts have been shared, in some form, with the United States intelligence community, according to the former senior intelligence official, and they show that high-level officials in Islamabad and Tehran had frequent conversations about the I.A.E.A. investigation and its implications. "The interpretation is the issue here," the former official said. "If you set the buzzwords aside, the substance is that the Iranians were saying, 'We've got to play with the I.A.E.A. We don't want to blow our cover, but we have to show some movement. There's no way we're going against world public opinion—no way. We've got to show that we're cooperating and get the Europeans on our side.' " (At the time, Iran was engaged in negotiations with the European Union on trade and other issues.) It's clear from the intercepts, however, the former intelligence official said, that Iran did not want to give up its nuclear potential. The Pakistani response, he added, was "Don't give away the whole ballgame and we'll look out for you." There was a further message from Pakistan, the former official said: "Look out for your own interests."

In the official's opinion, Pakistan and Iran have survived the crisis: "They both did what they said they'd do, and neither one has been hurt. No one has been damaged. The public story is still that Iran never really got there—which is bullshit." And analysts throughout the American intelligence community, he said, are asking, "How could it be that Pakistan's done all these things—developed a second generation of miniaturized and boosted weapons—and yet the investigation has been shorted to ground?"

A high-level intelligence officer who has access to the secret Iran-Pakistan exchanges told me that he understood that "the Pakistanis were very worried that the Iranians would give their name to the I.A.E.A." The officer, interviewed in Tel Aviv, told me that Israel remains convinced that "the Iranians do not intend to give up the bomb. What Iran did was report to the I.A.E.A. the information that was already out in the open and which they cannot protect. There is much that is not exposed." Israeli intelligence, he added, continues to see digging and other nuclear-related underground activity in Iran. A nonproliferation official based in Vienna later explained that Iran has bored two holes near a uranium-mining operation that are "deep enough to do a test"—as deep as two hundred metres. The design of the bomb that could be tested, he added, if Iran chose to do so, came from Libya, via Pakistan and A. Q. Khan.

Last December, President Bush and Tony Blair, the British Prime Minister, jointly announced that Muammar Qaddafi, the Libyan leader, had decided to give up his nuclear-weapons program and would permit I.A.E.A. inspectors to enter his country. The surprise announcement, the culmination of nine months of secret talks, was followed immediately by a six-day inspection by the I.A.E.A., the first of many inspections, and the public unveiling, early this year, of the role of yet another country, Malaysia, in the nuclear black market. Libya had been able to purchase hundreds of millions of dollars' worth of nuclear parts, including advanced centrifuges designed in Pakistan, from a firm in Malaysia, with a free-trade zone in Dubai serving as the main shipping point. It was a new development in an old arms race: Malaysia, a high-tech nation with no indigenous nuclear ambitions, was retailing sophisticated nuclear gear, based on designs made available by Khan.

The centrifuge materials that the inspectors found in Libya had not been assembled—in most cases, in fact, the goods were still in their shipping cases. “I am not impressed by what I’ve seen,” a senior nonproliferation official told me. “It was not a well-developed program—not a serious research-and-development approach to make use of what they bought. It was useless. But I was absolutely struck by what the Libyans were able to buy. What’s on the market is absolutely horrendous. It’s a Mafia-type business, with corruption and secrecy.”

I.A.E.A. inspectors, to their dismay, even found in Libya precise blueprints for the design and construction of a half-ton nuclear weapon. “It’s a sweet little bomb, put together by engineers who know how to assemble a weapon,” an official in Vienna told me. “No question it’ll work. Just dig a hole and test it. It’s too big and too heavy for a Scud, but it’ll go into a family car. It’s a terrorist’s dream.”

In a speech on February 5th at Georgetown University, George Tenet, the director of the Central Intelligence Agency, hailed the developments in Libya as an American intelligence coup. Tenet said, “We learned of all this through the powerful combination of technical intelligence, careful and painstaking analytic work, operational daring, and, yes, the classic kind of human intelligence that people have led you to believe we no longer have.” The C.I.A. unquestionably has many highly motivated and highly skilled agents. But interviews with former C.I.A. officials and with two men who worked closely with Libyan intelligence present a different story.

Qaddafi had been seeking a reconciliation with the West for years, with limited success. Then, a former C.I.A. operations officer told me, Musa Kusa, the longtime head of Libyan intelligence, urged Qaddafi to meet with Western intelligence agencies and open up his weapons arsenal to international inspection. The C.I.A. man quoted Kusa as explaining that, as the war with Iraq drew near, he had warned Qaddafi, “You are nuts if you think you can defeat the United States. Get out of it now. Surrender now and hope they accept your surrender.”

One Arab intelligence operative told me that Libyan intelligence, with Qaddafi’s approval, then quickly offered to give American and British intelligence details about a

centrifuge deal that was already under way. The parts were due to be shipped aboard a German freighter, the B.B.C. China. In October, the freighter was seized, and the incident was proclaimed a major intelligence success. But, the operative said, it was “the Libyans who blew up the Pakistanis,” and who made the role of Khan’s black market known. The Americans, he said, asked “questions about those orders and Libya said it had them.” It was, in essence, a sting, and was perceived that way by Musharraf. He was enraged by what he called, in a nationally televised speech last month—delivered in Urdu, and not officially translated by the Pakistani government—the betrayal of Pakistan by his “Muslim brothers” in both Libya and Iran. There was little loyalty between seller and buyer. “The Pakistanis took a lot of Libya’s money and gave second-grade plans,” the Arab intelligence operative said. “It was halfhearted.”

The intelligence operative went on, “Qaddafi is very pragmatic and studied the timing. It was the right time. The United States wanted to have a success story, and he banked on that.”

Because of the ongoing investigation into Khan and his nuclear-proliferation activities, the I.A.E.A.’s visibility and credibility have grown. The key issue, Mohamed ElBaradei, the director-general of the I.A.E.A., told me, in an interview at the organization’s headquarters in Vienna, is non-state actors. “I have a nightmare that the spread of enriched uranium and nuclear material could result in the operation of a small enrichment facility in a place like northern Afghanistan,” he said. “Who knows? It’s not hard for a non-state to hide, especially if there is a state in collusion with it. Some of these non-state groups are very sophisticated.”

Many diplomats in Vienna expressed frustration at the I.A.E.A.’s inability, thanks to Musharraf’s pardon, to gain access to Khan. “It’s not going to happen,” one diplomat said. “We are getting some cooperation from Pakistan, but it’s the *names* we need to know. ‘Who got the stuff?’ We’re interested to know whether other nations that we’re supposed to supervise have the stuff.” The diplomat told me he believed that the United States was unwilling to publicly state the obvious: that there was no way the Pakistani government didn’t know about the transfers. He said, “Of course it looks awful, but Musharraf will be indebted to you.”

The I.A.E.A.’s authority to conduct inspections is limited. The nations that have signed the nonproliferation treaty are required to permit systematic I.A.E.A. inspections of their declared nuclear facilities for research and energy production. But there is no mechanism for the inspection of suspected nuclear-weapons sites, and many at the I.A.E.A. believe that the treaty must be modified. “There is a nuclear network of black-market centrifuges and weapons design that the world has yet to discover,” a diplomat in Vienna told me. In the past, he said, the I.A.E.A. had worked under the assumption that nations would cheat on the nonproliferation treaty “to produce and sell their own nuclear material.” He said, “What we have instead is a black-market network capable of producing usable nuclear materials and nuclear devices that is not limited to any one nation. We have nuclear dealers operating outside our front door, and we have no control over them—no matter how good we are in terms of verification.” There would be no need, in other words, for

A. Q. Khan or anyone else in Pakistan to have a direct role in supplying nuclear technology. The most sensitive nuclear equipment would be available to any country—or any person or group, presumably—that had enough cash.

“This is a question of survival,” the diplomat said, with a caustic smile. He added, “Iraq is laughable in comparison with this issue. The Bush Administration was hunting the shadows instead of the prey.”

Another nonproliferation official depicted the challenge facing the I.A.E.A. inspection regime as “a seismic shift—the globalization of the nuclear world.” The official said, “We have to move from inspecting declared sites to ‘Where does this shit come from?’ If we stay focussed on the declared, we miss the nuclear supply matrix.” At this point, the international official asked me, in all seriousness, “Why hasn’t A. Q. Khan been taken out by Israel or the United States?”

After Pakistan’s role in providing nuclear aid to Iran and Libya was revealed, Musharraf insisted once again, this time at the World Economic Forum, in Davos, Switzerland, in January, that he would not permit American troops to search for Al Qaeda members inside Pakistan. “That is not a possibility at all,” he said. “It is a very sensitive issue. There is no room for any foreign elements coming and assisting us. We don’t need any assistance.”

Nonetheless, a senior Pentagon adviser told me in mid-February, the spring offensive is on. “We’re entering a huge period of transition in Iraq,” the adviser said, referring to the coming changeover of forces, with many of the experienced regular Army combat units being replaced by National Guard and Army Reserve units. “We will not be conducting a lot of ops, and so you redirect and exploit somewhere else.”

The operation, American officials said, is scheduled to involve the redeployment to South Asia of thousands of American soldiers, including members of Task Force 121. The logistical buildup began in mid-February, as more than a dozen American C-17 cargo planes began daily flights, hauling helicopters, vehicles, and other equipment to military bases in Pakistan. Small teams of American Special Forces units have been stationed at the Shahbaz airbase, in northwestern Pakistan, since the beginning of the Afghanistan war, in the fall of 2001.

The senior Pentagon adviser, like other military and intelligence officials I talked to, was cautious about the chances of getting what the White House wants—Osama bin Laden. “It’s anybody’s guess,” he said, adding that Ops Sec—operational security—for the planned offensive was poor. The former senior intelligence official similarly noted that there was concern inside the Joint Special Operations Command, at Fort Bragg, North Carolina, over the reliability of intercepted Al Qaeda telephone calls. “What about deception?” he said. “These guys are not dumb, and once the logistical aircraft begin to appear”—the American C-17s landing every night at an airbase in Pakistan—“you know something is going on.”

“We’ve got to get Osama bin Laden, and we know where he is,” the former senior intelligence official said. Osama bin Laden is “communicating through sigint”—talking on satellite telephones and the like—“and his wings have been clipped. He’s in his own Alamo in northern Pakistan. It’s a natural progress—whittling down alternative locations and then targeting him. This is not, in theory, a ‘Let’s go and hope’ kind of thing. They’ve seen what they think is him.” But the former official added that there were reasons to be cautious about such reports, especially given that bin Laden hasn’t been seen for so long. Bin Laden would stand out because of his height; he is six feet five. But the target area is adjacent to Swat Valley, which is populated by a tribe of exceptionally tall people.

Two former C.I.A. operatives with firsthand knowledge of the Pakistan-Afghanistan border areas said that the American assault, if it did take place, would confront enormous logistical problems. “It’s impenetrable,” said Robert Baer, who visited the Hindu Kush area in the early nineties, before he was assigned to lead the C.I.A.’s anti-Saddam operations in northern Iraq. “There are no roads, and you can’t get armor up there. This is where Alexander the Great lost an entire division. The Russians didn’t even bother to go up there. Everybody’s got a gun. That area is worse than Iraq.” Milton Bearden, who ran the C.I.A.’s operations in Afghanistan during the war with the Soviet Union, recounted, “I’ve been all through there. The Pashtun population in that belt has lived there longer than almost any other ethnic group has lived anywhere on earth.” He said, “Our intelligence has got to be better than it’s been. Anytime we go into something driven entirely by electoral politics, it doesn’t work out.”

One American intelligence consultant noted that American forces in Afghanistan have crossed into Pakistan in “hot pursuit” of Al Qaeda suspects in previous operations, with no complaints from the Pakistani leadership. If the American forces strike quickly and decisively against bin Laden from within Pakistan, he added, “Musharraf could say he gave no advance authorization. We can move in with so much force and firepower—with so much shock and awe—that we will be too fast for him.” The consultant said, “The question is, how deep into Pakistan can we pursue him?” He added, “Musharraf is in a very tough position.”

At home, Musharraf is in more danger than ever over his handling of the nuclear affair. “He’s opened up Pandora’s box, and he will never be able to manage it,” Chaudry Nisar Ali Khan, a former government minister who now heads an opposition party, said. “Pakistani public opinion feels that A.Q. has been made a scapegoat, and international opinion thinks he’s a threat. This is a no-win situation for Musharraf. The average man feels that there will be a nuclear rollback, and Pakistan’s immediate deterrent will be taken away. It comes down to an absolute disaster for Musharraf.”

Robert Gallucci, a former United Nations weapons inspector who is now dean of the Georgetown University School of Foreign Service, calls A. Q. Khan “the Johnny Appleseed” of the nuclear-arms race. Gallucci, who is a consultant to the C.I.A. on proliferation issues, told me, “Bad as it is with Iran, North Korea, and Libya having nuclear-weapons material, the worst part is that they could transfer it to a non-state group.

That's the biggest concern, and the scariest thing about all this—that Pakistan could work with the worst terrorist groups on earth to build nuclear weapons. There's nothing more important than stopping terrorist groups from getting nuclear weapons. The most dangerous country for the United States now is Pakistan, and second is Iran." Gallucci went on, "We haven't been this vulnerable since the British burned Washington in 1814."