

08.05.2009: SRI LANKA NEGOTIATING TO PROCURE LETHAL MILITARY EQUIPMENT FROM NORTH KOREA AND IRAN

S E C R E T STATE 046946

NOFORN

SIPDIS

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TAGS: ETTC, KN, KNNP, MARR, MCAP, MOPS, PARM, PINR, PREL

SUBJECT: SRI LANKA NEGOTIATING TO PROCURE LETHAL MILITARY EQUIPMENT FROM NORTH KOREA AND IRAN

REF: 2006 STATE 141140

Classified By: Michael Owen, Director SCA/INS per E.O. 12958 for reasons 1.4 (B), (D)

1. (U) This message contains an action request, please see paragraph 6.

Summary

2. (S/NF) The Government of Sri Lanka (GOSL) is negotiating the procurement of Lethal Military Equipment (LME) from North Korea and Iran. Recent intelligence reports indicate that a Sri Lankan company responsible for the acquisition of

equipment and services for the Sri Lankan military is negotiating the purchase of RPG-7 Rocket Propelled Grenade Launchers (RPGs) and Multiple Rocket Launchers (MRLs) from North Korea's primary weapons trading firm. Some of these proposed arms imports appear to violate UNSCR 1718. We have also received information that Iran's Ministry of Defense Logistics Export Center (MODLEX) has recently provided a multimillion-dollar quote to the Sri Lankan Navy for the installation of naval equipment. Moreover, an Iranian Islamic Revolutionary Guard Corps Force element located in Sri Lanka provided details to an Iranian shipping company for the sale of weapons to the Sri Lanka Army. Post is requested to deliver the talking points in paragraph 6 and report any GOSL reactions. End Summary.

Background

3. (S/NF) This is not the first time Sri Lanka has attempted to purchase LME from countries under UN Security Council sanctions. In August 2006, the USG demarched the GOSL regarding its interest in acquiring pyrotechnic and armament spare parts for training aircraft, as well as hundreds of weapons from Iran (Ref A).

4. (S/NF) As part of our ongoing dialogue on nonproliferation, we would like once again to express our concern over Sri Lanka's potential procurement of lethal military equipment from Iran and North Korea. We also want to remind the GOSL of possible sanctions under the Iran, North Korea, and Syria Nonproliferation Act (INKSNA). The INKSNA requires regular reports to Congress identifying individuals and entities who have transferred to or acquired from Iran, North Korea, or Syria certain items related to weapons of mass destruction, ballistic or cruise missiles or advanced conventional weapons.

Objectives/Action Request

5. (S//REL SRI LANKA) Post is requested to draw upon the talking points in paragraph 6 with appropriate host government officials. Post should pursue the following objectives:

-- Remind the GOSL that any arms purchase contracts entered into by Sri Lankan entities with North Korea or Iran, if implemented, could trigger sanctions against the entities involved under the Iran, North Korea, and Syria Nonproliferation Act (INKSNA).

-- Recall that paragraph 8(b) of United Nations Security Council Resolution 1718 requires member states to prohibit the procurement of certain military-related items, including LME such as combat aircraft, battle tanks, large caliber artillery systems, or missile systems, or related materiel including spare parts, and that any import of such items by Sri Lanka would constitute a violation of UNSCR 1718. In addition, paragraph 8(c) of UNSCR 1718 requires UN Member States to prevent transfer from North Korea of any technical training, advice, services or assistance related to these items. The full list of items prohibited by UNSCR 1718 can be found on the UN's web site ([www.un.org/sc/committees/1718/xport list.shtml](http://www.un.org/sc/committees/1718/xport_list.shtml)). Items on these lists (identified in Security Council documents S/2006/814, S/2006/815, and S/2006/853) are also prohibited for transfer regardless of their intended use.

-- Emphasize our concern that Lanka Logistics and Technologies Ltd may attempt to circumvent export controls on transfers with North Korea.

-- Request the GOSL to investigate Lanka Logistics and Technologies Ltd and provide the United States with the results of its investigation as soon as possible.

-- Request the GOSL to provide information on whether its

Navy is negotiating with MODLEX \$11.4 million for rockets and rocket launchers that can be installed on naval equipment.

-- Request the GOSL to provide clarification on negotiations with Iran on procurement of weapons and defense equipment for the Sri Lankan Army in the amount of \$40 million.

-- Note that under 1747, Iran is prohibited from exporting arms and states are to prohibit the procurement of such items from Iran by their nationals.

-- Urge GOSL authorities to stop any military negotiations with North Korea or Iran involving LME or sensitive technology.

Talking Points

6. (SECRET//REL SIR LANKA) Note that the first four bullets in the Talking Points are derived from intelligence and must be used verbatim. These points are bracketed and flagged as "VERBATIM POINTS."

Begin Talking Points.

(BEGIN VERBATIM POINTS:

-- We have information that Lanka Logistics and Technologies Ltd has been negotiating the purchase of RPG-7 Rocket Propelled Grenade Launchers (RPGs) and Multiple Rocket

Launchers (MRLs) from the Korea Mining Development Company (KOMID), North Korea's primary weapons trading firm.

-- Our information indicates that this sale has not been completed.

-- We also have information that Iran's Ministry of Defense Logistics Export Center (MODLEX), in December 2007, provided the Sri Lankan Navy a quote of \$11.4 million for rockets and rocket launchers that could be installed on Sri Lankan naval equipment. The offer did not include the cost of installation and training, which could be provided at an additional cost.

-- We also understand that an Iranian Islamic Revolutionary Guard Corps Qods Force element located in Sri Lanka, in February 2008, provided details to an Iranian shipping company for the procurement of weapons to the Sri Lanka Army. The total cost of the weapons and defense equipment totaled approximately \$40 million. END VERBATIM POINTS.)

-- Lanka Logistics and Technologies Ltd., according to your own press, handles the acquisition of equipment and services for the Sri Lankan military.

-- Any arms purchase contracts with North Korea or Iran, if implemented, could trigger sanctions against the entities involved under the Iran, North Korea, and Syria Nonproliferation Act (INKSNA).

-- Under INKSNA, the United States is required to report to Congress persons and companies who have transferred to or acquired from North Korea, Iran, or Syria goods, services or technology controlled by multilateral nonproliferation export control regimes, specifically the Missile Technology Control Regime, the Australia Group, the Chemical Weapons Convention, the Nuclear Suppliers Group, and the Wassenaar Arrangement.

-- MRLS, RPGs, and other weapons and munitions are controlled under the Wassenaar Arrangement and are therefore reportable under the INKSNA.

-- Given North Korea's continued destabilizing activities, and the international reaction to those activities, now is not the time for business as usual with North Korea.

-- We ask that you halt the purchase of all military equipment from Iran. Paragraph 5 of UNSCR 1747 provides that Iran "shall not supply, sell or transfer...any arms or related materiel, and that all States shall prohibit the procurement of such items from Iran by their nationals..."

-- Moreover, DIO is an entity subject to the asset freeze provisions in paragraph 12 of UNSCR 1737, so any goods received from the DIO or any payments made to the DIO must be frozen under the provisions of the resolution.

-- We urge you to investigate the above activities and share

with us at your earliest convenience the results of your investigation.

-- Beyond these cases, we urge Sri Lanka to cease all cooperation with North Korea, Iran, and Syria on goods and technologies controlled under the nonproliferation export control regimes and United Nations Security Council Resolutions we have cited.

-- We look forward to our continued cooperation on this and other related matters.

(If Asked)

-- Sanctions that could be imposed under INKSNA include:

a. No department or agency of the United States Government or U.S. company may procure, or enter into any contract for the procurement of any goods, technology, or services from them;

b. No department or agency of the United States Government or U.S. company may provide any assistance to them, and they shall not be eligible to participate in any assistance program of the United States Government;

c. No sales to them of any item on the United States Munitions List are permitted and all sales to them of any defense articles, defense services, or design and construction services under the Arms Export Control Act are

terminated; and,

d. No new individual licenses shall be granted for the transfer to them of items controlled under the Export Administration Act of 1979 or the Export Administration Regulations, and existing such licenses are suspended.

End Talking Points.

7. (U) Washington appreciates Post's assistance on this matter. Department Point of Contact is xxxx. Please slug all replies to ISN/CATR, EAP/K and SCA/INS.

CLINTON