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High Link Seen in Cairo Spy Case

References Heard To Defense Minister

By Patrick E. Tyler
Washington Post Foreign Service

CAIRO, Aug. 19—An alleged quest by Egyptian agents in the United States to illegally acquire advanced U.S. missile technology for shipment to Cairo, which resulted in three arrests in June, may be linked to Egypt's powerful defense minister, Field Marshal Abdul-Halim Abu Ghazala, according to a U.S. official.

The linking of Abu Ghazala to the operation is said to be based on interpretation of intercepted telephone conversations in which references to "the minister" are used by other Egyptian military officers involved in the alleged plot as a way to expedite shipment.

Sources close to the case also report that at one point last May the scheme was disrupted for a while by a mysterious car bombing in France that the Egyptian operatives took as a violent response to their activities by Israel's intelligence service.

The alleged plot, which has complicated U.S.-Egyptian relations,



ABDUL-HALIM ABU GHAZALA
... supporter of strong U.S. ties

apparently was born in the months immediately before an official visit to Washington last March by the defense minister. During the visit, Abu Ghazala, a supporter of strong ties with the United States, signed a 10-year "memorandum of understanding" with Defense Secretary Frank C. Carlucci giving Egypt—like Israel, Australia and Sweden—special status as a strategic ally outside of the North Atlantic Treaty Organization.

An official familiar with the current criminal investigation into the matter said this week that senior State Department officials regarded the case as so sensitive that they persuaded Justice Department officials to delete all references to

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Abu Ghazala and his office from a 36-page investigative summary filed publicly in U.S. District Court in Sacramento, Calif.

State Department officials took the position, according to an official close to the case, that unless the Justice Department had evidence strong enough to hold up in court and was prepared to indict Abu Ghazala, U.S.-Egyptian relations should be spared the embarrassment of public references in court documents to the authority of "the minister."

A State Department official declined to comment.

The Justice Department spokesman, Patrick Korten, declined to comment specifically on this case but said "any time the department undertakes a case that has diplomatic or international aspects to it, we consult with the State Department. But the final decisions on what to include in any indictment or how to proceed with an investigation or prosecution are entirely our decisions to make and are made based on the law and Justice Department guidelines for federal prosecutions."

Asked for comment on the content of this article, a spokesman for Egypt's Defense Ministry criticized this newspaper for airing issues that are "still under investigation in both Egypt and the United States," and he pointed out that "legal documents in both Egypt and the United States have not made the slightest mention" of any alleged involvement by the defense minister.

The spokesman defended lower-ranking Egyptian officers involved, saying their actions amounted to "nothing more than a procedural mistake of neglecting to obtain export license for a material that can be purchased on the open market in the United States, and which is used in nonmilitary fields besides the military domain."

He said the Egyptian government "has stated its complete willingness to cooperate" in the U.S. investigation.

Two Egyptian military officers, one of them attached to Egypt's embassy in Washington, were named in a criminal complaint filed June 23 in U.S. District Court in Sacramento, Calif., alleging that they conspired with an Egyptian-born U.S. rocket scientist, Abdelkadr Helmy, and other Egyptian agents to violate U.S. export-control laws. Helmy, his wife, Albia

Eltayeb Helmy, and James Huffman, an aerospace company employee, were arrested.

The operation was alleged to have been directed on a day-to-day basis by a Col. Hussam Yossef, who used a telephone and a facsimile machine, U.S. officials said, to run his American-based agents and supply them with long shopping lists for rocket-fuel chemicals, propulsion hardware, telemetry tracking equipment and assembly plans that one defense analyst described as "a complete package to build or upgrade a tactical missile system."

Among the sensitive material they allegedly tried to spirit out of the country on Egyptian military cargo planes was 432 pounds of "carbon-carbon" fiber matting, which can be used as a protective coating for ballistic missile warheads and rocket motor nozzles and as a radar-absorbing outer layer for "stealth" aircraft—planes shielded to make them difficult to detect electronically.

An official familiar with the investigation said intercepted communications indicate the Egyptian-directed group was planning this summer to export 30 tons of U.S.-made rocket-fuel compounds, half of them closely controlled under U.S. export laws, and the first 40 sheets of military-grade steel along with special forgings that would give an Egyptian rocket plant the capability to bend and weld large rocket motor casings. The group planned to increase this order of high-nickel-content "maraging steel" to 400 sheets, some of which were to be sent to Iraq's missile program, the official said.

The Egyptian Defense Ministry spokesman said there was "no reality" to the assertions about the fuel compounds or steel.

U.S. Defense Department analysts, who are assisting federal prosecutors in the case, have said that it appeared Helmy was helping the Egyptian government in a bid to manufacture an Egyptian version of the Pershing II missile propulsion system.

Engineering drawings from the West German defense contractor Messerschmidt and from an Italian firm, both licensed by the U.S. government to manufacture Pershing II propulsion system components, were seized by U.S. Customs officers from Helmy's office, according to the official familiar with the investigation.

The Pershing II has a range of up to 1,000 miles and would give

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Technology

Egypt a missile-warhead delivery capability rivaling that of Israel, whose powerful Jericho II is regarded as the most formidable surface-to-surface weapon in the region.

This case of purloined technology—filled as it is with the dramatic elements of espionage that have characterized similar cases involving Israel in recent years—also illustrates the intense arms race underway in the Middle East, where regional tensions and battlefield experience in the Iran-Iraq war have sparked interest in acquiring powerful surface-to-surface missiles as strategic weapons capable of terrorizing distant enemy capitals.

Western intelligence officials also fear the Iran-Iraq conflict has generated similar interest by regional states in producing and stockpiling chemical weapons. This fear has prompted U.S. Defense Department analysts to closely reexamine an otherwise routine proposal by a Canadian firm to sell Egypt an undisclosed quantity of fumigants, pesticides, arsenic and strychnine compounds for what was described as a "pest control" program at the big Beni Suef Air Base south of Cairo.

"There is a bunch of analysis underway right now to determine whether or not that stuff could have been used as precursors for nerve gas production . . . or whether it might have been a legitimate thing to try to gas rats," said one official.

The Egyptian official denied that his government had proposed such a purchase.

The material linking Abu Ghazala to the operation is based primarily

When Helmy encountered further resistance from the admiral, Helmy telephoned his alleged "controller" in Austria. Helmy explained to Col. Yossef that "the man" in the Washington office was going to bring harm to the operation by openly discussing the problem of, among other things, export licenses. In apparent frustration, Helmy told his supervisor, "The items are controlled and cannot be exported outside the United States. . . . If they knew that I am buying it to export it, I'd be thrown in jail."

Yossef, who was named as a defendant in the U.S. criminal complaint and whose current whereabouts are unknown to U.S. officials, told Helmy on June 1 that he would call the reluctant admiral.

Two days later, U.S. officials intercepted a telephone call from Yossef to Helmy reporting on the resolution of the conflict.

"I told him, 'I'm calling you from the ministry in order to deliver you a message from our father and from our grandfather, who was at your end earlier regarding Dr. Abdelkadr [Helmy],' " Yossef reportedly said. Investigators believe the reference to "our father and . . . our grandfather" is to Abu Ghazala.

Yossef reported that the admiral now understood that the rocket-fuel shipments were to have the highest priority on the regular C130 flights made by the Egyptian Air Force out of Baltimore-Washington International Airport to Cairo.

A U.S. official familiar with the investigation said he did not think Yossef and Helmy would idly invoke the higher authority of "the minister" without actually having it since it would have been a simple matter for Elgohary to check with his superiors in Cairo, especially if he suspected an illegal activity that could have jeopardized his own position as a procurement officer in the Egyptian Embassy.

These conversations apparently form the basis for one U.S. official's assertion in an interview that "we have intercepted information indicating that the defense minister approved the operation when he was on a trip here in March" to sign the memorandum of understanding.

State Department officials also reportedly argued that Elgohary's name should be dropped from public court documents. But federal prosecutors were said by one official to have prevailed by arguing that Elgohary's role in key conversations was critical to establishing "prob-

able cause" that Helmy and others had conspired to violate export laws.

Other long-distance telephone conversations intercepted in the investigation indicate that before they were ensnared by U.S. Customs agents, the Egyptian military officers believed they had been targeted by an Israeli intelligence campaign to sabotage the rocket program they were allegedly providing Egypt.

These fears were triggered by a car-bomb attack at 3 a.m. May 27 in Grasse, France. The remotely detonated device destroyed an empty Peugeot belonging to Ekkehard Schrotz, the chief executive of a Swiss-based company that had funneled part of the \$1 million into the United States to finance the Egyptian rocket program.

An anonymous telephone caller to the Agence France-Presse news service in Paris claimed responsibility for the bombing. Identifying himself as a member of an unknown pro-Iranian group, "Guardians of Islam," the caller said the bomb was meant to punish the business executive for aiding the missile program of the Iraqi regime.

In a June 3 conversation, Helmy's "controller" in Austria reportedly said that "certain people tried to do away with us. They put something in a company car and it exploded."

The Egyptian colonel said he doubted that the bomb was actually placed by a pro-Iranian group. In an elliptical explanation, he said, "We suspect the ones next to us [the cause] the way the operation was executed by remote control indicates that the country next to us [presumably Israel] is the culprit."

A few days later, in another conversation, Helmy discovered that Yossef had not read a large amount of material Helmy had sent to Austria via a facsimile machine. When Helmy expressed surprise, the Egyptian colonel responded that after the car bombing, he and his comrades were avoiding the office they had had set up in Salzburg to run the missile-acquisition program.

"There are still people running around us," Yossef explained ominously. Helmy expressed alarm and said that the "people" threatening the Austrian end of the operation were "probably . . . Jews."

There is official suspicion in Cairo, according to western sources, that the U.S. investigation was initiated by a tip from Israeli intelligence. An official close to the inves-

on two telephone conversations intercepted and translated from Arabic by U.S. officials in which Egyptian Col. Hussam Yossef, who supervised Helmy's acquisition work from Austria, interceded to expedite the handling of several tons of illegal rocket-fuel cargo by the Egyptian military attache's office in Washington. The office is under the direct control of Abu Ghazala, according to U.S. officials.

An official familiar with the transcripts of these conversations, which are not yet part of the public record in the case, gave the following account:

On June 1, Helmy telephoned Rear Adm. Abdel-Rahim Elgohary and discovered that the admiral, a senior procurement official in the Egyptian military office in Washington, was reluctant to ship the rocket-fuel compounds. Helmy prodded the admiral by reminding him that "when he, the minister, was here during the month before last," there were discussions about "things that are controlled and cannot be exported." Helmy referred to the then-pending shipment of rocket-fuel compounds and said, "Both items were banned from being exported and we acquired them through our own ways or channels and you know that very well."

When the admiral complained that "I didn't expect to receive material that weighed six or seven tons from you," Helmy responded, "I understand that, he, the minister, wants the cargo shipped no matter what, that is what we were told and you will arrange for the shipment on the airplane that . . . usually leaves for Cairo."



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Mysterious "Fouad Algamal," right, came when Abu Ghazala, left, visited U.S.

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igation said it would be "inappropriate" to speculate on this question.

At the time of the initial arrests in June, Rollin Klink, special agent in charge of the Customs Service office in San Francisco, said the investigation started when a confidential source provided "very sketchy" information about the arrival in the United States last March of an Egyptian traveling under diplomatic passport from Cairo to meet Helmy in California.

This mysterious Egyptian "diplomat" within days returned cross country to Washington with Helmy and two large boxes containing "carbon-carbon" fibers. They deposited the boxes at a house belonging to the Egyptian Embassy and then checked into the Vista International Hotel, where Abu Ghazala and his delegation were encamped for their high-level meetings at the Penta-

gon, State Department and White House.

The "diplomat," who had been traveling under the names Fouad Mohamed and Fouad Algamal, suddenly showed up on the hotel's list of the defense minister's delegation, but this time as Brig. Gen. Yehye Algamal, according to a source.

A longtime military officer in Cairo identified Yehye Algamal as a member of Abu Ghazala's headquarters staff specializing in procurement matters.

While they were at the hotel, Helmy and Algamal apparently took telephone calls from a "Maj. Gen. Hamza," believed by investigators to have been a member of Abu Ghazala's entourage. Helmy made a notation in his log book, later seized by federal agents, that Hamza had delivered a check for \$3,000 to cover the cost of purchasing and delivering the shipment of "carbon-carbon" material.

The Washington-based Egyptian officers implicated in the case have been recalled to Egypt and a long-scheduled visit by Egypt's Air Force commander to the United States was indefinitely postponed after federal agents executed search warrants and arrested Helmy and the others June 23.

Special correspondent Jane Friedman contributed to this report.

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Southern Africa: Searching for Peace

In Southern Africa, the prospects for an Angola-Namibia settlement look better than at anytime in the past decade, as South Africa seeks accommodation with its neighbors while trying to maintain minority white rule at home, but several obstacles remain to peace.

- Assuming that a timetable for a Cuban troop withdrawal from Angola that will satisfy South Africa can be concluded, prospects for peace will still be clouded by the major issue of national reconciliation in Angola.
- Luanda refuses to negotiate with UNITA to end the 13-year civil war.

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In Mozambique, President Chissano has gradually improved relations with South Africa but even in the unlikely event South Africa completely cut off aid to the RENAMO insurgents, they remain largely self-sustaining and would continue to operate effectively-- though at reduced levels.

Meanwhile, South Africa believes its security apparatus can control domestic black unrest while it offers economic inducements and token political reform to try to co-opt blacks.

- Pretoria is resigned to international censure, sanctions, and disinvestment, and it is more preoccupied with growing white right-wing opposition to any easing of apartheid.
- Sanctions have boosted right-wing popularity but had little short-term effect on the economy; Pretoria has found new markets and indirect access to prohibited ones.
- With Pretoria determined to prevent black majority rule, the longer-term trend is for more violence, which many blacks see as their only weapon.
- South Africa will continue coercive policies that strain relations with Washington and complicate US dealings with neighboring black-ruled states.

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Southern Africa: Troubled Region in Search of Solutions

I. Prospects for a negotiated settlement to the conflict in southern Africa recently have improved markedly.

- A. Luanda, Pretoria, and Havana have reached a preliminary agreement for the withdrawal of Cuban troops from Angola and Namibian independence, but major obstacles remain.
- B. Mutual distrust is likely to keep both sides uneasy, and fighting between Cuban and South African troops could flare up.

II. Neither the MPLA Government nor UNITA has gained a decisive edge in the 13 year old Angolan conflict.

- A. After the government's failed offensive last year, Cuba substantially increased its troop and equipment levels.
- B. UNITA, meanwhile, launched an offensive in the northern and central provinces.
- C. Regional negotiations have highlighted the need for reconciliation talks between the MPLA and UNITA, but the government refuses to talk to the insurgents.
- D. The insurgency and the inefficiencies of the MPLA Government's socialist system have undermined economic activity. Luanda's debt to the USSR has increased rapidly to about \$5 billion.

III. The South African Government remains committed to continued white political control.

- A. Western influence is waning because Pretoria believes it can never satisfy Western demands.
- B. More concerned with threat from the white right wing, the government is increasingly authoritarian.
 - Pretoria will continue to crack down on the black opposition and to use economic inducements to coopt blacks.
- C. Most blacks reject Pretoria's "reforms" and plan more civil disobedience as well as a boycott of elections in October.
 - The long-term trend is toward more violence.
 - US relations with South African blacks have improved somewhat because of US sanctions and criticism of apartheid.
- D. Western sanctions and disinvestment have dealt a psychological blow to whites and boosted the popularity of the right wing.
 - They have little short term economic effect, but will constitute a long term drag on the economy.
- E. Pretoria remains determined to maintain its military and economic dominance in the region.

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