

[ACU Comments on *Just Security* Article Updated on December 1, 2020]

## Trump's Impact on Nuclear Proliferation

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Donald Trump has never been known for his visionary foreign policy and yet his presidency will leave the world transformed. In an age of disinformation, the precise nature of the changes he has brought about in global affairs can be elusive, particularly when those changes have resulted from his administration's clandestine negotiations with Russian officials and businessmen. While America has been focused on the ways in which the Kremlin interfered to support Trump in the 2016 election, too little attention has been paid to what Moscow intended to get out of a Trump presidency or indeed what they got.

From the earliest days of the campaign right up until the present day, Trump and his associates have tried to conduct foreign policy through the genre they know best: the business deal. Since they didn't use the usual government channels for foreign affairs, unless we have official investigations we won't know exactly what transpired in these dealings. But there is one area — nuclear energy — in which it seems clear that Russia stands to benefit from these transactions at the expense not only of US interests, but also those of Ukraine and of global nonproliferation more generally. This could present serious challenges to any attempts the Biden administration might make to reconstruct a stable nonproliferation regime.

The impetus for Trump 2016 campaign associates and Trump administration officials to make nuclear energy deals has come in large part from the interest of the Gulf states, particularly Saudi Arabia, in nuclear power. And the lure of Saudi billions has created financial incentives that have eclipsed nonproliferation concerns. For example, Americans in Trump's inner circle sought Saudi funding for ambitious programs building nuclear reactors across the Middle East. But Russia has ended up being awarded many of these Middle Eastern contracts. And it seems that the Trump administration may have given away, through its inept dealings, significant U.S. leverage in the nuclear energy sector.

An examination of two separate sets of negotiations reveals distinct forms of corruption and geopolitical risk involved in Trump associates' nuclear energy deals. The first, led by Trump's first National Security Advisor Michael Flynn, but also implicating other members of Trump's inner circle, involved openly courting Russia to participate in a nuclear energy deal that would likely further Russian interests at the expense of Ukraine's.

[**COMMENT BY ACU:** The IP3 proposal which was briefed to the White House did not involve Russia. IP3 **never** “openly courted Russia to participate in a nuclear energy deal . . .” and **neither did ACU.**

Later in the article, the writer claims “In exchange for funding the initiative, the Saudis would get nuclear technologies, bypassing the requirements of the U.S. Atomic Energy Act, which requires the conclusion of a “123 Agreement” establishing a legal framework for peaceful nuclear cooperation prior to the transfer of any nuclear technology.” Unlike the IP3 proposal, the ACU architecture does not bypass the Atomic Energy Act and requires the Saudis to sign a 123 Agreement and reinforces the highest US nonproliferation standards in the Middle East.

Furthermore, contrary to the writer’s assertion that IP3’s initiative to lobby the White House was “led by . . . Flynn”, this effort was led, in fact, by Admiral (ret) Mike Hewett and former National Security Adviser Bud McFarlane. The writer provides no evidence that any discussion of the IP3 proposal at the White House was led by General Flynn or that General Flynn did anything more than set up the meeting between the IP3 leadership and Trump administration officials as a favor to his former friends and/or colleagues.

In making these and other allegations, the writer distorted and misinterpreted the major nuclear nonproliferation project for the Middle East developed by ACU Energy International, a highly-specialized nuclear energy planning company based in Washington, DC. The Chief Scientist of ACU, Dr. Thomas B. Cochran described the background for the ACU project in a public speech he delivered to the 29<sup>th</sup> Annual Conference of the Israel Nuclear Societies in May 2018. In his speech, Dr. Cochran explained ACU’s unique approach to nuclear power in the Middle East:

“States in the Middle East desire the prestige that comes with having a robust nuclear program. They seek economic development, including high-tech industrial development, and jobs. Many would argue that nuclear power should not be developed in the Middle East. But we do not believe states in the region will abandon their current efforts to develop civil nuclear power. We do not control the actions of their governments.

“ACU proposes that we can best serve our mutual nonproliferation objectives, not by opposing nuclear power development in the Middle East, but by constructing a more attractive nuclear power development alternative that significantly reduces the proliferation risks. We encourage others to promote the development of renewable energy supply alternatives in the region. The [ACU] project creates a multipurpose public/private partnership focusing on Middle East nuclear power development.”

Dr. Cochran went on to describe to the Israel Nuclear Society conference the significance of Middle East nuclear power development for Israel, the severe risks of failing to remove spent nuclear fuel from the region, and the strict nonproliferation requirements the US should impose on any Middle East nuclear power development:

“We all recognize that Iran’s nuclear program poses an existential security threat to Israel as well as a major security risk to other states both within and outside the region. If left unchecked, the expansion of civil nuclear power throughout the Middle East poses a comparable threat...Failure to remove spent nuclear fuel from the Middle East could lead to dire consequences for Israel, gives a strategic advantage to Iran, and creates a costly long-term trap for the United States.

“Each large power reactor will produce per year some 20 metric tons of spent fuel containing some 200 kilograms of weapon-usable plutonium. If sixteen large power reactors are built in Saudi Arabia, these reactors would produce almost 200 metric tons of weapon-usable plutonium over their expected 60-year reactor lifetime – twice the amount of plutonium produced for nuclear weapons by the United States and more than that produced by the Soviet Union for nuclear weapons during the Cold War.

“To understand the danger these reactor projects pose to Israel, one need only contrast the 24,400 year half-life of Pu-239, the principal plutonium isotope in the weapon-usable plutonium produced by power reactors, against the highly unpredictable lifetimes of some states in the region.

“Moreover, the maturity of states that seek to build the reactors and will possess the plutonium is very much in doubt. Recent press reports of a Saudi threat to site a “nuclear waste dump” close to the Qatar border should act as a warning for the entire region.

“In accordance with US and Israeli nonproliferation policy, any program for the development of nuclear power in the Middle East must ensure that:

- no commercial uranium enrichment takes place in the region;
- no spent fuel reprocessing occurs in the region; and
- no spent fuel is left in the region.”

At this point in his presentation to the Israel Nuclear Societies, Dr. Cochran highlighted the nonproliferation mission of the ACU project:

“The core nonproliferation mission of the [ACU] project is to exert control over the numerous emerging nuclear power programs in the Middle East – thereby heading off a potential nuclear arms race. The project establishes a private/public partnership to address serious nonproliferation issues that cannot be solved by governments alone.

“The project’s secure fuel in/spent fuel out system will ensure that spent fuel containing extractable weapon-usable plutonium, including spent fuel generated by the UAE nuclear reactor program soon coming online, is removed from the region as it is produced to prevent weapon proliferation – a critical requirement of Israel and the United States.

“The [ACU] project will supply fresh nuclear fuel from outside the region to reactors in the Middle East – eliminating the claimed need for Middle East countries to acquire fuel enrichment or spent-fuel reprocessing technologies, thereby upholding the global nonproliferation standards that the US has long championed.

“For the record, ACU has always opposed nuclear power in the Middle East unless it is provided, operated and secured by a multiple superpower-backed consortium and comes equipped from Day 1 of reactor operations with a fuel in/spent fuel out system, guaranteed for the life of the reactors.”]

These activities could also be consequential for the rebalancing of power in the Middle East, perhaps even more broadly. And they may have created serious national security vulnerabilities for the United States.

Even aside from these nuclear energy deals, international nuclear security has already been profoundly shaken by a few stamps of Trump's foot. That includes his withdrawal from three international arrangements — the Joint Comprehensive Plan of Action (JCPOA) for Iran's nuclear program, the Intermediate-Range Nuclear Forces Treaty (INF) with Russia, and the Open Skies Treaty that permitted verification of nuclear agreements — as well as his potential withdrawal from the U.S. Bilateral Agreement for Peaceful Nuclear Cooperation. These extraordinary steps have collectively transformed the nuclear landscape. In June of this year he even threatened to restart nuclear testing.

These were mostly reactive moves with serious risks, not the product of some hidden cunning strategy. When I consulted nuclear security expert Professor [Graham Allison](#) (who was involved in developing programs for decommissioning weapons at the end of the Cold War), he was unambiguous: “While the specifics among them differ, the net effect of these actions has been to increase the risk of nuclear proliferation and even war.”

But it may turn out to be just as consequential that since 2016, Trump and his team have treated the international nuclear order as if it were cheap real estate in a former Soviet republic: rich in opportunities for deals, liberatingly deficient in enforceable laws and norms. Their secret bargaining over nuclear security has compounded the damage done by Trump's highly visible unraveling of nonproliferation agreements.

### **Dispensing with International Regulations**

The initial efforts by members of the Trump administration to strike a lucrative nuclear deal were reportedly made by General Michael Flynn.

[**COMMENT BY ACU:** Any “initial efforts” were made by IP3 and not General Flynn. According to the Cummings report, Flynn forwarded an IP3 memorandum to other Trump administration officials. He did not author or originate this memorandum.]

These were detailed in [report](#) by the House Committee on Oversight and Reform under the late Elijah Cummings, in July 2019, entitled “Corporate and Foreign Interests Behind White House Push to Transfer U.S. Nuclear Technology to Saudi Arabia” (see also Feb. 2019 [interim report](#)). It exposed a concerted attempt by Trump administration officials to broker nuclear power deals in the Middle East, commenting that the attempt “virtually obliterated the lines normally separating government policymaking from corporate and foreign interests.”

The Cummings report exposed several attempts by Trump associates to get Saudi financial backing for a plan that involved building nuclear power plants in a block of Middle Eastern countries deemed potentially friendly to the interests of the United States and Israel. This effort involved several senior former military and intelligence officials. The plan was generally referred to, rather ambitiously, as the “Marshall Plan for the Middle East.” In exchange for

funding the initiative, the Saudis would get nuclear technologies, bypassing the requirements of the U.S. Atomic Energy Act, which requires the conclusion of a “[123 Agreement](#)” establishing a legal framework for peaceful nuclear cooperation prior to the transfer of any nuclear technology. It has now turned out to be the case that the Saudis are likely not simply interested in a civilian nuclear power program. Crown Prince of Saudi Arabia Mohammed bin Salman (MBS) – the country’s de facto ruler – has been [explicit](#) about the fact that he would develop nuclear weapons if Iran were to do the same. Saudi Arabia is [reported](#) to have begun manufacturing yellowcake, which would be a further step on the road to achieving this objective, though the initial report has not been confirmed.

Michael Flynn, who reportedly brought the proposal for a Saudi-backed initiative to Trump while serving as his national security adviser, lacked the necessary experience in business, diplomacy, and nuclear energy. But he had already been working with two companies which were dedicated to putting together a US-led consortium to build reactors in the Middle East. From April 2015 until June 2016 Flynn had been [negotiating](#) in a private capacity with a company established by Alex Copson called ACU Strategic Partners LLC.\*

[**COMMENT BY ACU:** General Flynn **never** negotiated *with or on behalf of* ACU. General Flynn in his private capacity led a small delegation on a business trip, in June 2015, to Egypt and Israel. There were six people representing ACU in Egypt (including Admiral Hewitt and a former democratic congressman) and two additional people joined the six on the Israel leg of the trip, namely, Thomas B. Cochran and Donald Gross. The meetings they attended entailed presentations and **never** involved any “negotiations”.

More broadly, ACU developed a project designed to strengthen security arrangements and help realign security alliances in the Middle East where existing relationships are too often adversarial. Its security objectives were outlined by ACU Chief Scientist Dr. Thomas B. Cochran in his speech to the 29<sup>th</sup> Annual Conference of Israel Nuclear Societies in May 2018:

- “Providing an effective and durable means of blocking Iran’s ambitions to dominate the Middle East region;
- Asserting US, British, French and Israeli control over the numerous independent nuclear power programs now underway in the region that pose serious risks of weapon proliferation, heading off a nuclear arms race;
- Accelerating and strengthening a mutual defense alliance of the Gulf Arab states in cooperation with Israel which is central to the Trump administration’s strategy for containing/countering Iran and restoring the trust of Arab states in America;
- Expediting the Gulf Arab states’ normalization of relations with Israel – which is critical to the Trump administration’s goal of achieving a broad Middle East peace agreement;
- Strengthening regional security through a high-level security package, preferably supplied by Israel – including space, cyber and physical security systems; and

- Providing a unique and compelling industrial basis for more closely aligning US and Russian interests, fostering pragmatic nuclear security cooperation, and implementing the objectives of the highly-successful bipartisan Nunn-Lugar program.”

Dr. Cochran went on to point out that that ACU architecture for controlling nonproliferation risks relies heavily on “a multi-superpower backed nuclear consortium that will build, operate, control and secure the fleet of interconnected proliferation-proof reactors, a high-voltage electric grid, and a nuclear fresh fuel in/spent fuel out service – ensuring complete control over the reactors and nuclear fuel under IPG ownership.

“Under the [ACU] architecture, no participating Middle East state can legitimately claim that it needs a uranium enrichment plant or a nuclear fuel reprocessing plant for energy security because the state does not own the reactor or the nuclear fuel, and the state is not responsible for fueling the reactors.”]

Flynn already had a reputation (born out by his book, *The Field of Flight*) for obsessive Islamophobia and seems to have found a good match in Copson who [allegedly](#) spoke of “recoloniz[ing] the Middle East.”

**[COMMENT BY ACU:** The writer fails to point out that this reference to something Alex Copson “allegedly spoke of” was part of a hearsay account by an anonymous “whistleblower,” the central element of which was proven to be false. *Just Security* inserted the word “allegedly” into the “updated” version of this article which it published on December 1, 2020, after ACU informed the editors of its false and defamatory nature. **Knowingly reiterating and publishing a false statement against a private citizen while attributing it to another publication is just as libelous and defamatory as the original false allegation.]**

Their consortium would employ Russia’s Rosoboron (a company that protects Russia’s defense-related exports and imports and is currently under US sanctions) to supply “total regional security,” and Atomstroy, another Russian company, to build some of the reactors. Russia would also have been responsible for disposing of the spent fuel, which otherwise could be turned into weapons-grade material if diverted from permitted uses. This of course would require U.S. sanctions on Russia to be lifted.

**[COMMENT BY ACU:** There are two false statements here. First, ACU never intended to employ Rosoboron. The writer failed to understand the role of Rosoboron. Second, no policy ACU advocated required lifting U.S. sanctions on Russia. In fact, the ACU proposal was designed to provide leverage to the U.S. Government to seek solutions to the problems that led to the U.S. sanctions.]

But [according to the whistleblower](#) who approached Cummings, Copson also envisaged placing U.S. troops in the Arab countries in which they were working (whose people were apparently described in “highly derogatory terms” by Copson) to “defend the installations” and, it seems, provide a pretext for establishing a U.S. troop presence in the region.

**[COMMENT BY ACU:** ACU Chief Scientist Dr. Thomas B. Cochran submitted decisive evidence to the House Oversight Committee on December 8, 2017 demonstrating that the so-

called “whistleblower’s” allegations were false. His letter is in the public record of the US Congress. Dr. Cochran wrote:

“Dear Congressman Cummings,

I'm attaching documentary evidence demonstrating that anonymous allegations of the so-called "whistleblower" conveyed in your letter of December 6th to Chairman Gowdy are patently false and unfounded.

The attached AT&T phone records for Alex Copson's cell phone flatly contradict the core allegation that Mr. Copson received a text message from General Flynn during President Trump's Inaugural Speech - which is the sole basis for other allegations contained in your letter...

Since Mr. Copson did not receive a text message from General Flynn during the Inauguration, other allegations of the "whistleblower" are equally false and unfounded, including that: 1) "Mr. Copson quickly showed the whistleblower his phone with the text message" from General Flynn; and 2) "Mr. Copson informed the whistleblower that he 'just got this text message' from General Flynn saying that the project was 'good to go' and directing Mr. Copson to contact their business colleagues to 'let them know to put things in place.'"

Cummings replied to Copson suggesting that text could have been encrypted, but this too is contradicted by the fact that a hypothetically encrypted text would still show up in the cell phone records as a text.

Moreover, contrary to the writer’s assertions, ACU has never “envisaged placing US troops in Arab countries” for any reason. ACU Chief Scientist Dr. Thomas B. Cochran described the ACU security system to protect the reactors in his speech to the Israel Nuclear Societies conference in May 2018:

“To address risks that the reactors or spent fuel stored on site could be sabotaged by an external assault or internal threats as well as potential risks that the nuclear fuel shipments could be sabotaged, the [ACU] project architecture includes a high-level security package, preferably supplied by an Israeli company, including space, cyber and physical security systems – generating reliable and strategically valuable revenues for Israel.

“The reactor sites must be protected by a long-term security umbrella that supplies multifaceted security measures to enable shared intelligence awareness, enhanced threat warning, and a strong defense architecture – with 24/7 satellite coverage of the region, including Iran, as well as round-the-clock monitoring of reactor operations.

“The nuclear reactors will be located on “reservations” where [the ACU Super Consortium has] been granted by the host countries extraterritorial rights for the life of the reactors. Thus, all [reactor] sites, regardless of location, will be outside the ownership and security control of the host governments, which will have no legal jurisdiction over the sites.

“An Israeli security company would preferably be responsible for defining safeguard requirements for personnel, systems and hardware. The scope of security would include detection and protection from all external threats regardless of whether they are land, sea, air or space-launched.

“The [ACU project provides] Israel and the GCC states with a highly-effective and dependable regional firewall against Iran.”]

Flynn’s own ambitions may not have extended beyond “containing” Iran with a balance of potential nuclear forces in the region, but in June of that year, [Flynn reportedly visited both Israel and Egypt](#) on ACU’s behalf, seeing a particular urgency in persuading Egypt not to sign a nuclear power deal with Russia alone. He needed to keep possibility of the larger deal alive.

**[COMMENT BY ACU:** The tone and the implicit inference here is inconsistent with Dr. Cochran’s account in the public record where he stated: “In Egypt, a primary purpose of his meetings was to convince the government *at least to postpone accepting the Russian offer to finance and build four reactors in order to carefully consider the ACU alternative*. General Flynn recognized that the ACU project gives the United States far greater control over nuclear developments in the region while providing greater economic and regional stability – for the benefit of the Arab countries, Israel and the manifest national security and arms control interests of the United States.” [Cochran to Cummings, letter/email. June 22, 2017]. The writer ignores this reference to foster her false narrative that Flynn had other motives.]

According to the Cummings report, in 2016, Flynn also began talks with a company called IP3/Ironbridge, which had been founded by retired General Keith Alexander and whose CEO was retired Rear Admiral Mike Hewitt. IP3 deny that Flynn was ever a paid adviser.

But Flynn hoped to engineer a partnership between IP3 and ACU and boasted of being able to leverage upcoming meetings with Putin and officials in the Middle East to strike a mutually beneficial deal. An alliance of Middle Eastern countries with the US would fund the project and Israel would benefit from the cheaper electricity it generated.

**[COMMENT BY ACU:** The writer provides no citation for this claim. She did not interview General Flynn and had no way of reading his mind. If she is quoting an IP3 source, she should have cited the source. In any case if the writer understood the relationship between ACU and IP3, she would have known that a partnership was not possible. Moreover, the architecture of the IP3 and ACU proposals were mutually exclusive.

In early January 2017, Flynn found himself in a much stronger position. As Trump’s national security adviser he had direct access to the president and his administration and hence – he believed – the ability to persuade them to loosen restrictions on nuclear energy technologies. He [held talks](#) with Steve Bannon, Jared Kushner, Tom Barrack and others about the nuclear project.

The incoming Trump administration, apparently absent any advice from nonproliferation experts, [made clear](#) that it would not hold the Saudis to the “gold standard” on nonproliferation measures

expected of other states – namely, an obligation to forego uranium enrichment and plutonium reprocessing, the two pathways to making fissile material for a nuclear weapon – particularly whilst Iran, with its pre-existing uranium enrichment program, was in their view not sufficiently constrained.

**[ACU COMMENT:** The statement is false. Clearly, there are nonproliferation experts in the Trump Administration such as Dr. Christopher Ford, Assistant Secretary of State for International Security and Non-Proliferation. In the four years of the Trump administration, U.S. policy has been to hold the Saudis to the “gold standard.” The “two separate sets of negotiations,” cited by the writer, including IP3’s proposal, were rejected by the White House.]

(In reality, the JCPOA had significantly constrained Iran’s civil nuclear program, and no transfer of nuclear technology from the U.S. was permitted). The *very willingness* of an administration to make ad hoc concessions like these changes the nuclear landscape. But Trump administration officials clearly lacked concern about proliferation.

### **The Role of Energy in Russia’s Hybrid Warfare in Ukraine**

All energy deals have complex geopolitical implications, but those that involve Russia have an added dimension: they play a role in Russia’s hybrid warfare, supporting Russia’s military goals with non-military strategies including strategic investments. What the Trump administration did understand was that any nuclear power deal with Russia would have to benefit Moscow by furthering its geopolitical goals, even if this was at Ukraine’s expense.

In the 1990s and 2000s, Russia often suspended or threatened to suspend essential gas supplies in order to bully Ukraine politically. Although Ukraine has now managed to become independent of Russia for its gas supply, it still depends on [billions](#) in revenue from Gazprom, Russia’s state gas company, from providing a route for Russia’s gas exports to Europe.

But in electricity production, Ukraine has one great strength: nuclear power. Although the Ukrainian energy industry may be best known in the United States for the Chernobyl disaster under the Soviets, the state-owned company Turboatom, located in the eastern Ukrainian city of Kharkiv (also known as Kharkov), is one of the most respected turbine construction companies in the world and a serious competitor to Russia’s Rosatom in that field. However, [most of Ukraine’s own reactors](#) are still Soviet built VVER-1000s and until recently only Russia could produce the fuel they require. In 2014, Ukraine’s entire nuclear fuel supply came from Russia.

But U.S. company Westinghouse also succeeded in producing the fuel Ukraine needed and [by 2016](#) was reportedly able to supply 40% for the country. Russia therefore had a special interest in Westinghouse. Between 2014 and 2016 the Russian Main Intelligence Directorate (known as the GRU) conspired to [hack](#) Westinghouse, but was caught, and GRU officers were charged in the United States. Westinghouse, then owned by Toshiba, was close to bankruptcy. So Russia would have had a very strong strategic interest in knowing about and perhaps intervening in any buyout.

Russia’s desire to control Ukraine through energy dominance has found support in the Trump White House. It was clear to the Trump team during the 2016 presidential campaign that Russia

wanted the lifting of sanctions imposed over its 2014 invasion of Ukraine, without giving up any control of Ukrainian territory. Trump and his senior campaign officials seemed to have little or no concerns with this position in theory.

During the campaign and transition various figures had suggested their own idiosyncratic solutions to the Ukraine problem. Paul Manafort, Rick Gates, and Konstantin Kilimnik (a Russian intelligence agent, according to the [report](#) produced by the Senate Select Committee on Intelligence) put together a proposal that according to Mueller's [report](#) "was about a peace plan for Ukraine that Manafort has since acknowledged was a 'backdoor' means for Russia to control eastern Ukraine." Former Ukrainian president Viktor Yanukovich played a central role in it and apparently wanted to be elected head of an independent republic in eastern Donbas, which even Manafort in retrospect claims to think was slightly crazy. Felix Sater, the Russian-American involved in one of Trump's attempts to build a Trump Tower in Moscow, and Michael Cohen, Trump's personal lawyer and fixer, took their own plan to Trump, but it went nowhere.

On ACU's part, Copson had factored in the need to mollify Ukraine if sanctions were lifted. In November 2016, ACU's chief counsel, Donald Gross, drew up far-fetched [plans](#) for potential Trump-Putin negotiations which included essentially [inducing \(some might say, bribing\) Ukraine](#) "to support lifting US and EU sanctions on Russia" by offering Ukrainian company Turboatom "an unprecedented industrial contract to provide turbine generators valued at \$45 billion for the project's Middle East reactors." (ACU has told the author that their project has always required Saudi Arabia to sign a 123 civil nuclear cooperation agreement with the U.S. government.)

**[COMMENT BY ACU: The writer here libels ACU counsel Donald Gross who never** "drew up far-fetched plans for potential Trump-Putin negotiations which included essentially [inducing \(some might say, bribing\) Ukraine](#) "to support lifting US and EU sanctions on Russia" by offering Ukrainian company Turboatom "an unprecedented industrial contract to provide turbine generators valued at \$45 billion for the project's Middle East reactors."]

On January 12th, 2017, [the Washington Post](#) disclosed that Flynn had spoken privately with Russian Ambassador Kislyak on December 29th, the day that the Obama administration announced sanctions against Russia. This set in motion a series of events in which Flynn's remaining in the administration would quickly become untenable. The Russians meanwhile forged ahead with talks involving other actors representing the administration.

On [January 16th](#), 2017, Kirill Dmitriev, CEO of the Russia Direct Investment Fund, the sovereign wealth fund set up to create partnerships with the sovereign wealth funds of other countries, met with Erik Prince in the Seychelles but was apparently ultimately uninterested in working with him. Dmitriev instead found an easier mark. Trump's son-in-law and incoming White House Senior Adviser Jared Kushner was politically inexperienced, desperately needing to impress his father-in-law, and deeply in debt owing to his disastrous purchase of 666 Fifth Avenue in New York City. [As soon as he returned](#) to the United States, Dmitriev tried to arrange an introduction and reportedly established a [close relationship](#) with Kushner. [MBS](#) also made a point of getting close to Kushner, as did UAE Ambassador Yousef Al Otaiba. These relationships may be a key to what transpired in the nuclear power sector, but they were

conducted privately, without mediation by or advice from foreign service professionals, so we know little about them.

## **The Complexity of Business Deals with Oligarchs**

No one would call the Kushners naïfs when it comes to potentially deceptive business practices. But even though Jared Kushner is a senior adviser to the president of the United States as well as a businessman, it's unlikely that he has sufficient awareness of the tradecraft of Russian oligarchs who employ their investment strategies to serve Putin's ends. Many non-Russians are surprised by the ultimate nature of the deal they've entered into with their Russian partners, or indeed by the fact that business partners they thought were non-Russian are in fact Russian. Who knows what disinformation Kushner's new friends may have fed him in the absence of mediation by the State Department and U.S. intelligence professionals.

Disinformation, including hiding the Kremlin's role, is perhaps the best known aspect of Russia's hybrid warfare, and this tradecraft applies to their energy interests. In December 2016, for instance, Putin's ally Igor Sechin purportedly sold a 19.5% stake in his oil company, Rosneft, to Qatar's sovereign wealth fund, called Qatar Investment Authority or QIA, and commodity trader, Glencore. This was lauded as proof of Russia's economic strength and abiding appeal to foreign investors in spite of sanctions. In 2018 it was [discovered](#) that Russian state bank VTB had largely financed the acquisition.

That rank deception wasn't unprecedented. When Rosatom was contracted to build a reactor in Finland in 2014, there were concerns in Europe about the leverage Russia would gain in the region, so a deal was signed that guaranteed a 60% European ownership requirement. In 2015, the Finnish government [discovered](#) that Russia's largest bank, Sberbank, had made arrangements to covertly fund 9% of the deal through a Croatian registered construction company with Russian owners.

These are glimpses of the techniques, often also associated with organized crime, that Russia has used to gain and leverage control in the energy sector. An earlier episode provided warnings of the broad shape such operations might take. In 1999, the Romanian government decided to [privatize](#) an aluminum company called ALRO Slatina which was also one of the biggest energy traders in Romania. Two Russians, Alexander Krasner and Vitali Machitski, both of whom had made their fortunes from Russia's privatization deals, wanted to take over the business but knew that Romanians would be wary of selling to Russians. So they [used as a front the business](#) of an American, [Alan Kestenbaum](#). (Keep his name in mind for events that transpire with Westinghouse later.)

The two Russians hired a US consultancy firm, Tandler-Beretz LLC, to help them associate the buy-out publicly with the United States. Tandler-Beretz in turn suggested hiring a highly prominent Israeli lawyer, Meir Rosenne (formerly the Israeli ambassador to France and the United States) who was fluent in Romanian. Between them they hatched a plan referred to as the Vostok Project.

Rosenne went to Bucharest for meetings with the Romanian state ownership fund (APAPS). Court documents disclose that “the meeting with the chairman of APAPS and the Israeli ambassador revealed a preference for US Jews to obtain control of the aluminium plants because they understood the mentality of East Europeans.” So Tendler-Beretz persuaded Krasner and Machitski to buy up shares in ALRO using an American Company owned by Hal Beretz’s son-in-law. And so Alan Kestenbaum’s company, Marco International Corp. (MIC) eventually became the owner of ALRO.

Kestenbaum had founded Marco International in 1985 [with seed capital from Beretz, his father-in-law](#). He ran it until 2001, overseeing its expansion internationally and establishing offices across Asia and in Moscow. In 2000, under the name [aluminium.com](#), the company created an [Internet exchange](#) for Russian metal exporters. Prior to this, Kestenbaum, like Krasner, [had worked for Marc Rich](#), notorious fugitive from justice (after being indicted for multiple financial crimes) and founder of commodity trading company [Glencore](#).

In 2007 Glencore [merged](#) with Oleg Deripaska’s RUSAL, and Victor Vekselberg and Len Blavatnik’s SUAL, to form United Company RUSAL. None of these business deals were simple affairs. The “aluminium wars” which came about as a result of the privatizations in formerly socialist countries in the late 1990s were notoriously brutal. The whole sector was rife with criminal gang activity. Russian billionaire Roman Abramovich [has claimed](#) he had to be persuaded to invest in that area of business in 2000 because “every three days someone was getting murdered.”

Kestenbaum, however, managed to keep a low profile. He is now the owner and CEO of Canadian steel company [Stelco](#), the [only locally listed](#) steel company in a Canadian market dominated by foreigners, including Roman Abramovich’s EVRAZ Group. He has maintained his focus on investing in core areas pursued by Russian oligarchs.

The overall strategic aim of the Vostok Project, however, was greater than the ALRO deal. According to [court documents](#),

The “strategic objective” was defined as the creation of a vertically integrated operation that would give the men power over everything from a plant producing raw materials (eg SC Alum SA which Machitski’s enterprises acquired), to a power plant, and a plant producing primary products (ALRO) to a plant for manufacturing products out of the primary products (Alprom of Romania). The plan also detailed the participants and their strategy including lobbying people in positions of political influence, the head of consulting banks and the state privatization agency.

The motivation for organized crime to gain control over every part of the supply and manufacturing cycle is clear: no outsider can hold the whole process ransom by controlling a part of it. Even without achieving the full objective, each step toward that level of control can be significant. This scale of ambition, controlling the vertical structure of an industry, is something coordinated state oligarchs are uniquely equipped to achieve.

The vertically integrated structure of the nuclear power business includes the stages of uranium mining, enriching uranium to create fuel, building and maintaining reactors, recycling spent fuel

to make new fuel, and (the crucial step for having weapons-grade nuclear materials) reprocessing plutonium. So we need to keep a careful eye on each of these stages to see who has control over the nuclear cycle in any given state.

On paper it might appear that Russia, alongside China, is now dominating the field of nuclear energy by building reactors. But [Cheryl Rofer](#), a nuclear scientist retired from Los Alamos, who [follows](#) their deals closely told me that “Russia has pushed its reactors to other countries, often sweetening the deal with offers of financing. Nuclear technology is one of Russia’s few manufacturing exports. Many countries have been approached but the number of Russian reactors being built is small.” In this sector, as in others, Russia in fact exercises influence and retains leverage through non-conventional and sometimes invisible means.

## **Russia and the United States Nuclear Industry**

It’s only relatively recently that the public and private U.S. institutions have begun to examine seriously the intricate financial network that lies behind and links Russian nuclear business dealings in the United States. Public perception of these dealings has been dominated by the false Uranium One conspiracy theory. This distraction has diverted attention from the extent to which Russia has established a strong foothold in the US nuclear industry in a way that suggests an aspiration to vertical control.

The grain of truth in the [Uranium One story](#) is that in 2010 Canadian company Uranium One, which was responsible for mining 20% of the currently licensed uranium in the United States, made an agreement with JSC Atomredmetzoloto, or ARMZ, the mining arm of Rosatom, giving them a controlling stake (51%). In 2013 Rosatom acquired full ownership. Uranium One continues to mine approximately [10%](#) of that licensed in-situ uranium.

The United States also relies, both for civilian utilities and defense purposes, on nuclear fuel supplied by Russian subsidiary of Rosatom called [Techsnabexport](#) (TENEX). No U.S. uranium enrichment facilities are currently in operation. The U.S. company, Centrus has a new centrifuge design but it will likely be over a decade before it goes into action.

Nor does the United States currently have a company that builds commercial nuclear reactors. The only U.S. company now aiming to construct them is Bill Gates’s TerraPower, which is working on what will likely be the next generation of reactors, small modular reactors (SMRs), but again these won’t be commercially viable for a decade. Commercial nuclear reactors were previously designed and built by US company Westinghouse. But on March 24, 2017, Westinghouse declared [Chapter 11 bankruptcy](#). The sale of that company naturally has serious national security implications. But the story of the sale and of the role that the Trump administration played in it raises many questions.

Trump’s friend and adviser, Tom Barrack, seized on the opportunity presented by the Westinghouse bankruptcy to put together a new version of the Marshall Plan for the Middle East, producing his own document setting out the details. In his March 2017 white paper, Barrack refers to the plan interchangeably as the “Trump Marshall Plan” and the “Trump Plan.” The July 2019 House Oversight and Reform Committee report details the ambitious deal Barrack tried to

put together to purchase Westinghouse. Barrack had permission from the highest levels at the White House for a US-led consortium involving Colony Capital, IP3, and financial firms Blackstone and Apollo. Barrack assured Blackstone CEO Steve Schwartzman,

Our GCC [Gulf Cooperation Council] allies in Saudi Arabia and the UAE have committed to invest in the Westinghouse acquisition and are willing to concurrently lock in Westinghouse as the primary partner on the 30+ reactors expected to be constructed in their countries in the coming decade.

IP3 officials were very optimistic. President Trump and Jared Kushner had met with MBS on March 14, and IP3 boasted that this meeting prepared the way for a “partnership to acquire Westinghouse between IP3 and Saudi Arabia.” They eagerly arranged meetings with officials in the administration to promote the plan, including then-CIA Director Mike Pompeo, Director of the National Economic Council Gary Cohn, and top National Security Council (NSC) Staff officials. They also briefed Jared Kushner.

But in [January, 2018 it was announced](#) that Canadian company, Brookfield Business Partners, a subsidiary of investing giant Brookfield Asset Management, would purchase Westinghouse. And Westinghouse promptly and unilaterally decided to sever ties with IP3. [ProPublica discovered](#) that Kushner was the one who prevented the IP3-led deal from happening, reporting that Kushner “wanted to table the nuclear question in favor of simpler alliance-building measures with the Saudis, centered on Trump’s visit in May, according to a person familiar with the discussions.”

The [Westinghouse sale](#) went through on August 1, 2018. Three days later it was [announced](#) that Brookfield Properties, another subsidiary of Brookfield Asset Management that had just purchased Westinghouse, would buy Jared Kushner out of his catastrophic real estate deal involving 666 Fifth Avenue.

### **Who Owns Westinghouse?**

The Westinghouse purchase was naturally considered an extremely sensitive deal, deserving scrutiny by the Committee on Foreign Investment in the United States (CFIUS), [which at the time included](#) Steve Mnuchin, Rex Tillerson, Jeff Sessions, Wilbur Ross and Dan Coats. The committee approved the transaction but with a Nuclear Regulatory Committee (NRC) Requirements Notice forbidding transfer of their licenses and insisting on compliance with all applicable statutory and regulatory requirements. But the [NRC filing](#) submitted to CFIUS is fairly thin. It tells us that Westinghouse would be “ultimately controlled” by Brookfield Asset Management, but little about the money behind the deal. According to their [2018 20-F annual report](#), BBU acquired 44% of the company, while having a 100% voting interest, having put in \$405m of equity totaling \$920m, with the balance coming from “institutional partners.” The rest of the purchase price was funded with approximately \$3b of long-term debt financing. The sources of the equity and financing aren’t disclosed.

Immediately prior to the Westinghouse sale, prominent foreign policy experts Thomas Duesterberg and William Schneider wrote an [article](#) expressing serious concerns about the opacity, saying:

In a world of rapidly increasing nuclear proliferation and growing strategic challenges from China and Russia, U.S. authorities should take a closer look at the fate of Westinghouse. Without such scrutiny, the company will likely be acquired by Brookfield Asset Management, a highly successful Canadian property management and development firm with scant experience in industry, let alone nuclear power. What's more, Brookfield has no obligation to address geopolitical problems such as nuclear proliferation.

Naturally, the agreement made with CFIUS constrains what Westinghouse, under its new ownership, can do and is intended to keep sensitive technologies in the United States. But *such agreements can't constrain what companies choose not to do*, decisions that can be just as consequential. Westinghouse chose not to build nuclear reactors anymore, an area in which it had run into serious commercial trouble and would need to lobby for government support. Delays and cost overruns at their Vogtle plant in Georgia and two cancellations at another U.S. site in fact led to the bankruptcy. This deprived US-led efforts such as IP3 of a vendor and [left the field clear](#) for other competitors such as Rosatom, which had already started talks with the Saudis about building their reactors in June of 2017.

Unlike U.S. vendors, Chinese and Russian companies don't insist on compliance with the exacting nonproliferation standards that the United States demands (in the form of 123 Agreements). The UAE, whose first nuclear reactor (built by South Korean company KEPCO) recently went into action in Baraka, chose to comply with the US "gold standard." But as mentioned, in early August this year, it was reported that Saudi Arabia had started to [manufacture yellowcake](#), the first step in uranium enrichment. Even if those reports prove untrue, the Saudis are widely regarded as having that aspiration. Paul Dorfman, founder of the Nuclear Consulting Group, told me

The tense geopolitical environment makes nuclear power an even more controversial issue in the Middle East than elsewhere, and it seems clear that there's been a general and potentially dangerous weakening of nuclear nonproliferation measures in the region.

Close ally of MBS and MBZ, Egypt's President Abdel Fattah al-Sisi, was also proud to [announce](#) progress on his Rosatom-built power plant in El Dabaa.

But we also shouldn't overlook the strategic significance of Westinghouse in Ukraine. Poroshenko had previously promised the company a [majority share](#) of the market in nuclear fuel. In June 2018, the Westinghouse CEO, José Guttierrez, was reportedly [surprised](#) that Poroshenko went back on his word and awarded them far fewer contracts, leaving them with a minority share. Poroshenko is no longer in power, but Brookfield and whoever its "institutional partners" are who bought Westinghouse still have significant control over this source of Ukraine's nuclear fuel and therefore leverage in Kyiv's relations with Russia.

In 2019, Guttierrez was replaced as CEO by [Patrick Fragman](#), who previously worked for French company Alstom and was Vice Chairman of the Alstom Atomenergomash joint venture between Alstom and Rosatom. On September 30th of this year, Fragman negotiated a new deal, still awarding Westinghouse only two further contracts. When I spoke to Guttierrez on the phone he didn't want to comment on any matters involving the Brookfield takeover of Westinghouse, the reshaping of the company, or their position in the global market.

So who are Brookfield Business Partners, or BBU? They are a Bermuda-based LLP, one of the partners in the [extremely opaque](#) Brookfield financial group. The registered owner, I discovered, is Alan Kestenbaum. The very Alan Kestenbaum who was at the center of the Vostok Project, apparently using his then company, Marco International LLC as a front for the Russians. This clearly raises the question of whether CFIUS overlooked a potentially significant Russian investment in one of America's most important nuclear assets. An alternative explanation is that Kestenbaum may have been fronting for the Russians in the Vostok Project, but was not connected with Russians in the Westinghouse deal. When he made a bid for the Carolina Panthers in 2018 there were concerns about his rumored connections to [Russian mining interests](#), but as far as we know they were not substantiated.

### **Open Questions about the Nuclear Industry, National Security, and Nonproliferation**

There are now three questions we need to ask. First, did the Trump administration in the end take actions, through the Westinghouse purchase or otherwise, that helped Russia retain its grip on Ukraine by controlling its nuclear energy?

Second, and most importantly for U.S. national security interests, did the Trump administration permit Russia to gain excessive influence over the nuclear fuel cycle in the United States?

Third, in failing to negotiate any new multilateral nonproliferation measures, while weakening further the already declining U.S. position in this sector, has the Trump administration deprived the United States of leverage in international negotiations over the spread of nuclear power and nuclear technologies, just as countries across the Middle East are embracing these technologies at an alarming rate?

Voices on the left and the right are denouncing the idea that the United States should be the sole international arbiter of arms control, nonproliferation, and other such global problems. Part of the right embraces American isolationism and "America first." On the left, the catastrophic wars begun by the Bush administration in the Middle East have persuaded many that the United States is the mightiest and among the most inhumane states in the world and must be tamed. But the world is becoming increasingly dangerous, as the effects of global warming make themselves felt and commitments to international safety protocols and to arms-control agreements are being weakened. Every country has a moral responsibility to act to address proliferation while the world also pursues energy alternatives that address climate change. And if a future America is to embrace this moral duty, to act on the basis of its most humane values, it shouldn't be surrendering its capacity to do so by allowing Putin and others to make fools of us in the new hybrid warfare we've barely begun to understand. This is not about being the aggressor, a position from which America is rightly retreating. It starts with having leaders who don't make

hollow claims about recognizing the importance of global goals like nonproliferation while allowing self-interested business deals to determine policy. The Biden administration will undoubtedly discover hidden obstacles that have been created by four years of this approach.

*Editor's note: The text of this article was updated on Dec. 1, 2020 with appreciation for ACU's providing the author information following the article's publication. [ACU has provided below current Key Points as of December 2020 regarding the ACU project:*

- Middle East countries are now moving ahead with nuclear power, as they are entitled and encouraged to do under the longstanding international Nuclear Non-Proliferation Treaty (NPT).
- Russia is building four reactors in Egypt, the United Arab Emirates are bringing online four reactors constructed by South Korea, and China is playing an escalating role in the Saudi nuclear program.
- The US and Israel by themselves cannot stop nuclear power from advancing in the Middle East.
- Russia and China have invested massively in their nuclear export capabilities and are now *de facto* in a superior position to dominate the region and its non-proliferation policy. The ACU super consortium prevents Russia and China from dominating the Middle East through their superior nuclear export capabilities.
- Unlike other providers of nuclear power, ACU does not sell reactors or promote the sale of reactors or require, as others do, any softening of the US gold standard in 123 civil nuclear cooperation agreements.
- The ACU project is designed to reinforce and strengthen the highest US nuclear non-proliferation standards for nuclear energy development in the Middle East. We fully share concerns about the proliferation of nuclear weapons in the region and oppose the use of nuclear power there unless it is strictly controlled through the ACU construct or a similar mechanism.
- The ACU super consortium construct is structured to build, own, operate, secure and control 40 reactors in the Middle East over their 60 to 80-year lifetime - including owning the fuel cycle. The reactors and fuel will be owned by a US-based consortium under US law and consent rights. The US president and Israeli prime minister will make the final decision on the total number of reactors to be constructed by the super consortium.
- The ACU construct is designed to create a Middle East version of the Tennessee Valley Authority which will be funded by the Gulf Arab states.

- Although ACU is a commercial entity, its mission is to bridge the gap between government policy and facts on the ground while providing a lasting common denominator between governments in the region.
- The very nature and architecture of the ACU project prevents at all times the transfer of sensitive nuclear technologies to anyone in the region or any access to fissile material by anyone in the region.
- It reinforces and gives teeth to US 123 nuclear cooperation agreements that can easily be disregarded if reactor ownership is granted to regional states.
- The super consortium construct gives Congress and successive American presidents a tangible and sustainable ability they currently lack to make the region far safer for Israel, the Arab states and the US over the project's 60 to 80-year lifetime.
- The super consortium by design gives Israel an order of magnitude greater capability to defend itself and by extension protect more effectively the Arab Gulf States from Iran under the present regime.
- The super consortium is designed to include under its secure non-proliferation operating umbrella the existing four UAE reactors before they precipitate a region-wide, uncontrolled reactor construction program that is detrimental to the long-term interests of the United States and Israel.
- The ACU project – through the electricity it produces for regional reconstruction, industrialization and desalination – gives a stable and positive future to millions of young Arabs under 30 who make up 60 percent of the total Middle East population and currently have dismal prospects.]

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\* Update on Dec. 1, 2020: The original article stated that this relationship lasted until June 2016. However, [according to the whistleblower](#), Flynn and Copson communicated about progress on the deal on Inauguration Day, Jan. 20, 2017. ACU's Thomas Cochran [denied](#) the existence of this correspondence in a letter to Cummings.

**[COMMENT BY ACU:** ACU Chief Scientist Dr. Thomas B. Cochran submitted decisive evidence to the House Oversight Committee on December 8, 2017 demonstrating that the so-called "whistleblower's" allegations were false. His letter is in the public record of the US Congress. Dr. Cochran wrote:

"Dear Congressman Cummings,

I'm attaching documentary evidence demonstrating that anonymous allegations of the so-called "whistleblower" conveyed in your letter of December 6th to Chairman Gowdy are patently false and unfounded.

The attached AT&T phone records for Alex Copson's cell phone flatly contradict the core allegation that Mr. Copson received a text message from General Flynn during President Trump's Inaugural Speech - which is the sole basis for other allegations contained in your letter...

Since Mr. Copson did not receive a text message from General Flynn during the Inauguration, other allegations of the "whistleblower" are equally false and unfounded, including that: 1) "Mr. Copson quickly showed the whistleblower his phone with the text message" from General Flynn; and 2) "Mr. Copson informed the whistleblower that he 'just got this text message' from General Flynn saying that the project was 'good to go' and directing Mr. Copson to contact their business colleagues to 'let them know to put things in place.'"]

Cummings [replied](#) to Copson that he was not satisfied by the denial.

[**COMMENT BY ACU:** Cummings replied to Copson suggesting that the text could have been encrypted, but this too is contradicted by the fact that a hypothetically encrypted text would still show up in the cell phone records as a text.]

In addition, Cummings produced a [timeline](#) which included the following entry: "On November 16, 2016, Alex Copson, the managing partner of ACU, and ACU Counsel Donald Gross circulated a briefing memo entitled 'TRUMP/PUTIN ME Marshall plan CONCEPT.' It stated that 'ACU team members [are] highly engaged with key Trump Admin members.'"

[**COMMENT BY ACU:** Contrary to the writer's reference which she did not confirm with ACU, ACU Counsel Donald Gross **never** circulated a briefing memo entitled 'TRUMP/PUTIN ME Marshall plan CONCEPT' which stated that 'ACU team members [are] highly engaged with key Trump Admin members.'"]

### [Tamsin Shaw](#)

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