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CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE UNITED STATES

HEARING

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

CURRENT AND PROJECTED NATIONAL SECURITY THREATS
TO THE UNITED STATES

FEBRUARY 6, 2002

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THE WORLDWIDE THREAT

WEDNESDAY, FEBRUARY 6, 2002

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Committee met, pursuant to notice, at 10:07 a.m., in room SH–216, Hart Senate Office Building, the Honorable Bob Graham (chairman of the committee) presiding.

Committee Members Present: Senators Graham, Rockefeller, Wyden, Bayh, Edwards, Shelby, Kyl, Roberts, and DeWine.

Chairman GRAHAM. I call the meeting to order.

For several years, this Committee has had a practice of commencing its annual oversight of the United States intelligence community by holding a public hearing to present to the American people and our Committee members the intelligence community's assessment of the current and projected national security threats to the United States.

There is nothing more important to our national security than timely and accurate intelligence. Intelligence forms the foundation of our foreign policy and provides the basis of our nation's defense planning, strategy, and supports our warfighters.

The intelligence community is our nation's early-warning system against threats to the lives and property of United States citizens and residents here and around the world. The importance of this mission became particularly apparent on September 11 when our nation's greatest strengths—our freedom, our openness—were successfully exploited by an elusive global network of determined zealots. The terrorist threat has been on the intelligence community's radar screen for years. Indeed, it was almost exactly a year ago today, on February 7th of 2001, when Director George Tenet testified at this same open session.

He stated, and I quote, "Usama bin Ladin and his global network of lieutenants and associates remain the most immediate and serious threat. His organization is continuing to place emphasis on developing surrogates to carry out attacks in an effort to avoid detection, blame and retaliation. As a result, it is often difficult to attribute terrorist incidents to his group, the al-Qa'ida."

While the intelligence community has been aware of the great threat posed by bin Laden and his terrorist organization, it is a priority of this Committee to ascertain what more the intelligence community could have done to avert the September 11 tragedy. We must identify any systemic shortcomings in our intelligence community and fix those as soon as possible. We owe it to the Amer-

ican people to do all that we can to prevent a recurrence of September 11.

These and other issues will be explored with our witnesses in a closed hearing this afternoon and for the remainder of this session of Congress. I want to thank our witnesses who are appearing here today. We have with us Mr. George Tenet, Director of Central Intelligence; Mr. Carl Ford, Assistant Secretary of State for Intelligence and Research; Vice Admiral Thomas Wilson, Director of the Defense Intelligence Agency; and Mr. Dale Watson, Executive Assistant Director for Counterterrorism and Counterintelligence.

In order to optimize the time for questions of our witnesses, immediately after Vice Chairman Senator Shelby makes his opening statement, we will ask Director Tenet to present his testimony. We will ask our other witnesses to submit their full statements for the record. For our question-and-answer period, we will observe the normal Committee rule of first arrival, first to question. The questions will be limited to five minutes per round.

Vice Chairman Shelby.

Vice Chairman SHELBY. Thank you, Mr. Chairman. We held our last open hearing on national security threats one year ago tomorrow, as Senator Graham has alluded to. Director Tenet, on that day, you testified here that first and foremost among the threats to the U.S. was the threat posed by international terrorism, and specifically by Usama bin Ladin's global terrorist network.

We all agreed with you when you said, and I quote, "The highest priority for our intelligence community must invariably be on those things that threaten the lives of Americans or the physical security of the United States."

To fight this terrorist threat, you assured us then, and I quote again, "The intelligence community has designed a robust counterterrorism program that has preempted, disrupted and defeated international terrorists and their activities." In fact, you told us then, "In most instances, we've kept terrorists off-balance, forcing them to worry about their own security and degrading their ability to plan and to conduct operations."

Seven months after your testimony, in an attack that apparently had been years in the planning, Usama bin Ladin's terrorists killed nearly 3,000 innocent Americans in less than one hour. As you know, the U.S. has an intelligence community today and a Director of Central Intelligence in large part because of the Pearl Harbor disaster of December 7th, 1941. The fear of another Pearl Harbor provided the impetus for our establishment of a national-level intelligence bureaucracy. This system was created so that America would never have to face another devastating surprise attack.

That second devastating surprise attack came on September 11th, and as I said, it killed more Americans than did the Japanese assault on Pearl Harbor. All of us, I think, owe the American people an explanation as to why our intelligence community failed to provide adequate warning of such a terrorist attack on our soil. After all, as Director Tenet has stated, the Director of Central Intelligence is hired not to observe and to comment but to warn and to protect.

In the very near future, this Committee will join with the House Intelligence Committee in an effort to provide an explanation to the

American people. Once we determine why we were caught completely by surprise, I believe we must then work together to ensure that there is no third Pearl Harbor.

I'm pleased that the Director of Central Intelligence, George Tenet, and his colleagues have joined us today. These threat hearings are important, because understanding what the threats are is the first step toward helping our intelligence community meet the challenge of defending against them.

Mr. Chairman, these hearings also give the respective leaders within the intelligence community an opportunity to speak directly to the American people. While the bulk of the activities of the intelligence community are secret, there is a great deal we can and I think we should discuss in a public forum, as you called for today.

With that in mind, I ask each of our witnesses to address members' questions to the greatest extent possible in this open setting. Not long ago, our intelligence community faced a single clear threat—the Soviet Union and its communist allies—against which it could devote most of its resources and attention.

With the end of the Cold War, the world situation facing our intelligence agencies underwent a fundamental change. Until that point, murky transnational threats had been only sideshows to the main event of the East-versus-West strategic rivalry. Today, however, coping with asymmetric transnational challenges such as terrorism has become the most important duty of our intelligence community.

To say the least, the post-Cold War period has been one of difficult transition. Even before September 11, we had a rocky history of intelligence failures—among them, the bombing of Khobar Towers, the Indian nuclear test, the bombing of our East African embassies, the first attack on the World Trade Center buildings, and the attack upon the USS COLE.

Examined individually, each of these failures, tragic in their own way, may not suggest a continuing or systemic problem. But, however, taken as a whole and culminating with the events of September 11, they present a disturbing series of intelligence shortfalls that I believe expose some serious problems in the structure of and approaches taken by our intelligence community.

We will have many opportunities in the very near future to discuss the structural and organizational defects inherent in our intelligence community. But for today, we should remember that understanding the threat is the first step along a road that must lead to improvements in how our nation confronts these threats.

It has become apparent that international terrorism now poses the most significant threat to our national security and our interests at home and abroad. I will be interested to hear what our intelligence agencies believe such threats will look like in the future.

Just as militaries can face defeat if they keep trying to fight the last war, so can intelligence agencies suffer terrible strategic surprise if they spend their time trying to meet the last threat or if they try to meet new threats with the mindset, tactics and obsolete mythologies of the past.

The U.S. clearly faces unprecedented dangers today, and we will surely face new ones tomorrow. I look forward to hearing from our

witnesses today as we discuss these threats and how we can work together to defeat them in the future.

Thank you, Mr. Chairman.

Chairman GRAHAM. Thank you, Mr. Vice Chairman.

As indicated previously, we will now receive the testimony from Director Tenet. We'll ask for the other witnesses to submit their statements, and then we will proceed to questions.

Director Tenet.

[The prepared statements of Mr. Tenet, Mr. Ford, Admiral Wilson, and Dale Watson follow:]

SSCI # 2002 - 0637

Worldwide Threat - Converging Dangers in a Post 9/11 World
Testimony of Director of Central Intelligence
George J. Tenet
Before The
Senate Select Committee on Intelligence
6 February 2002

(U) Mr. Chairman, I appear before you this year under circumstances that are extraordinary and historic for reasons I need not recount. Never before has the subject of this annual threat briefing had more immediate resonance. Never before have the dangers been more clear or more present.

(U) September 11 brought together and brought home—literally—several vital threats to the United States and its interests that we have long been aware of. It is the convergence of these threats that I want to emphasize with you today: the connection between terrorists and other enemies of this country; the weapons of mass destruction they seek to use against us; and the social, economic, and political tensions across the world that they exploit in mobilizing their followers. September 11 demonstrated the dangers that arise when these threats converge—and it reminds us that we overlook at our own peril the impact of crises in remote parts of the world.

(U) This convergence of threats has created the world I will present to you today—a world in which dangers exist not only in those places where we have most often focused our attention, but also in other areas that demand it:

- In places like Somalia, where the absence of a national government has created an environment in which groups sympathetic to al-Qa'ida have offered terrorists an operational base and potential haven.

- In places like Indonesia, where political instability, separatist and ethnic tensions, and protracted violence are hampering economic recovery and fueling Islamic extremism.

- In places like Colombia, where leftist insurgents who make much of their money from drug trafficking are escalating their assault on the government—further undermining economic prospects and fueling a cycle of violence.

- And finally, Mr. Chairman, in places like Connecticut, where the death of a 94-year-old woman in her own home of anthrax poisoning can arouse our worst fears about what our enemies might try to do to us.

(U) These threats demand our utmost response. The United States has clearly demonstrated since September 11 that it is up to the challenge. But make no mistake: despite the battles we have won in Afghanistan, we remain a nation at war.

TERRORISM

(U) Last year I told you that Usama Bin Ladin and the al-Qa'ida network were the most immediate and serious threat this country faced. This remains true today despite the progress we have made in Afghanistan and in disrupting the network elsewhere. We assess that Al-Qa'ida and other terrorist groups will continue to plan to attack this country and its interests abroad. Their modus operandi is to have multiple attack plans in the works simultaneously, and to have al-Qa'ida cells in place to conduct them.

- We know that terrorists have considered attacks in the US against high-profile government or private facilities, famous landmarks, and US infrastructure nodes such as airports, bridges, harbors, and dams. High profile events such as the Olympics or last weekend's Super Bowl also fit the terrorists' interest in striking another blow within the United States that would command worldwide media attention.

- Al-Qa'ida also has plans to strike against US and allied targets in Europe, the Middle East, Africa, and Southeast Asia. American diplomatic and military installations are at high risk—especially in East Africa, Israel, Saudi Arabia, and Turkey.

- Operations against US targets could be launched by al-Qa'ida cells already in place in major cities in Europe and the Middle East. Al-Qa'ida can also exploit its presence or connections to other groups in such countries as Somalia, Yemen, Indonesia, and the Philippines.

(U) Although the September 11 attacks suggest that al-Qa'ida and other terrorists will continue to use conventional weapons, one of our highest concerns is their stated readiness to attempt unconventional attacks against us. As early as 1998, Bin Ladin publicly declared that acquiring unconventional weapons was "a religious duty."

- Terrorist groups worldwide have ready access to information on chemical, biological, and even nuclear weapons via the Internet, and we know that al-Qa'ida was working to acquire some of the most dangerous chemical agents and toxins. Documents recovered from al-Qa'ida facilities in Afghanistan show that Bin Ladin was pursuing a sophisticated biological weapons research program.

- We also believe that Bin Ladin was seeking to acquire or develop a nuclear device. Al-Qa'ida may be pursuing a radioactive dispersal device—what some call a "dirty bomb."

- Alternatively, al-Qa'ida or other terrorist groups might also try to launch conventional attacks against the chemical or nuclear industrial infrastructure of the United States to cause widespread toxic or radiological damage.

(U) We are also alert to the possibility of cyber warfare attack by terrorists. September 11 demonstrated our dependence on critical infrastructure systems that rely on electronic and computer networks. Attacks of this nature will become an increasingly viable option for terrorists as they and other foreign adversaries become more familiar with these targets, and the technologies required to attack them.

(U) The terrorist threat goes well beyond al-Qa'ida. The situation in the Middle East continues to fuel terrorism and anti-US sentiment worldwide. Groups like the Palestine Islamic Jihad (PIJ) and HAMAS have escalated their violence against Israel, and the intifada has rejuvenated once-dormant groups like the Popular Front for the Liberation of Palestine. If these groups feel that US actions are threatening their existence, they may begin targeting Americans directly—as Hizballah's terrorist wing already does.

- The terrorist threat also goes beyond Islamic extremists and the Muslim world. The Revolutionary Armed Forces of Colombia (FARC) poses a serious threat to US interests in Latin America because it associates us with the government it is fighting against.

- The same is true in Turkey, where the Revolutionary People's Liberation Party/Front has publicly criticized the United States and our operations in Afghanistan.

(U) We are also watching states like Iran and Iraq that continue to support terrorist groups.

- Iran continues to provide support—including arms transfers—to Palestinian rejectionist groups and Hizballah. Tehran has also failed to move decisively against al-Qa'ida members who have relocated to Iran from Afghanistan.

- Iraq has a long history of supporting terrorists, including giving sanctuary to Abu Nidal.

(U) The war on terrorism has dealt severe blows to al-Qa'ida and its leadership. The group has been denied its safehaven and strategic command center in Afghanistan. Drawing on both our own assets and increased cooperation from allies around the world, we are uncovering terrorists' plans and breaking up their cells. These efforts have yielded the arrest of nearly 1,000 al-Qa'ida operatives in over 60 countries, and have disrupted terrorist operations and potential terrorist attacks.

(U) Mr. Chairman, Bin Ladin did not believe that we would invade his sanctuary. He saw the United States as soft, impatient, unprepared, and fearful of a long, bloody war of attrition. He did not count on the fact that we had lined up allies that could help us overcome barriers of terrain and culture. He did not know about the collection and operational initiatives that would allow us to strike—with great accuracy—at the heart of the Taliban and al-Qa'ida. He underestimated our capabilities, our readiness, and our resolve.

(U) That said, I must repeat that al-Qa'ida has not yet been destroyed. It and other like-minded groups remain willing and able to strike us. Al-Qa'ida leaders still at large are working to reconstitute the organization and to resume its terrorist operations. We must eradicate these organizations by denying them their sources of financing and eliminating their ability to hijack charitable organizations for their terrorist purposes. We must be prepared for a long war, and we must not falter.

(U) Mr. Chairman, we must also look beyond the immediate danger of terrorist attacks to the conditions that allow terrorism to take root around the world. These conditions are no less threatening to US national security than terrorism itself. The problems that terrorists exploit—poverty, alienation, and ethnic tensions—will grow more acute over the next decade. This will especially be the case in those parts of the world that have served as the most fertile recruiting grounds for Islamic extremist groups.

- We have already seen—in Afghanistan and elsewhere—that domestic unrest and conflict in weak states is one of the factors that create an environment conducive to terrorism.

- More importantly, demographic trends tell us that the world's poorest and most politically unstable regions—which include parts of the Middle East and Sub-Saharan Africa—will have the largest youth populations in the world over the next two decades and beyond. Most of these countries will lack the economic institutions or resources to effectively integrate these youth into society.

THE MUSLIM WORLD

(U) All of these challenges come together in parts of the Muslim world, and let me give you just one example. One of the places where they converge that has the greatest long-term impact on any society is its educational system. Primary and secondary education in parts of the Muslim world is often dominated by an interpretation of Islam that teaches intolerance and hatred. The graduates of these schools—"madrasas"—provide the foot soldiers for many of the Islamic militant groups that operate throughout the Muslim world.

(U) Let me underscore what the President has affirmed: Islam itself is neither an enemy nor a threat to the United States. But the increasing anger toward the West—and toward governments friendly to us—among Islamic extremists and their sympathizers clearly is a threat to us. We have seen—and continue to see—these dynamics play out across the Muslim world. Let me briefly address their manifestation in several key countries.

(U) Our campaign in **Afghanistan** has made great progress, but the road ahead is fraught with challenges. The Afghan people, with international assistance, are working to overcome a traditionally weak central government, a devastated infrastructure, a grave humanitarian crisis, and ethnic divisions that deepened over the last

20 years of conflict. The next few months will be an especially fragile period.

- Interim authority chief Hamid Karzai will have to play a delicate balancing game domestically. Remaining al Qai'da fighters in the eastern provinces, and ongoing power struggles among Pashtun leaders there underscore the volatility of tribal and personal relations that Karzai must navigate.

- Taliban elements still at large and remaining pockets of Arab fighters could also threaten the security of those involved in reconstruction and humanitarian operations. Some leaders in the new political order may allow the continuation of opium cultivation to secure advantages against their rivals for power.

(U) Let me move next to **Pakistan**. September 11 and the US response to it were the most profound external events for Pakistan since the Soviet invasion of Afghanistan in 1979, and the US response to that. The Musharraf government's alignment with the US—and its abandonment of nearly a decade of support for the Taliban—represent a fundamental political shift with inherent political risks because of the militant Islamic and anti-American sentiments that exist within Pakistan.

(U) President Musharraf's intention to establish a moderate, tolerant Islamic state—as outlined in his 12 January speech—is being welcomed by most Pakistanis, but he will still have to confront major vested interests. The speech is energizing debate across the Muslim world about which vision of Islam is the right one for the future of the Islamic community.

- Musharaff established a clear and forceful distinction between a narrow, intolerant, and conflict-ridden vision of the past and an inclusive, tolerant, and peace-oriented vision of the future.

- The speech also addressed the jihad issue by citing the distinction the Prophet Muhammad made between the "smaller jihad"

involving violence and the "greater jihad" that focuses on eliminating poverty and helping the needy.

(U) Although September 11 highlighted the challenges that **India-Pakistan** relations pose for US policy, the attack on the Indian parliament on December 13 was even more destabilizing—resulting as it did in new calls for military action against Pakistan, and subsequent mobilization on both sides. The chance of war between these two nuclear-armed states is higher than at any point since 1971. If India were to conduct large scale offensive operations into Pakistani Kashmir, Pakistan might retaliate with strikes of its own in the belief that its nuclear deterrent would limit the scope of an Indian counterattack.

- Both India and Pakistan are publicly downplaying the risks of nuclear conflict in the current crisis. We are deeply concerned, however, that a conventional war—once begun—could escalate into a nuclear confrontation.

(U) Let me turn now to **Iraq.** Saddam has responded to our progress in Afghanistan with a political and diplomatic charm offensive to make it appear that Baghdad is becoming more flexible on UN sanctions and inspections issues. Last month he sent Deputy Prime Minister Tariq Aziz to Moscow and Beijing to profess Iraq's new openness to meet its UN obligations and to seek their support.

(U) Baghdad's international isolation is also decreasing as support for the sanctions regime erodes among other states in the region. Saddam has carefully cultivated neighboring states, drawing them into economically dependent relationships in hopes of further undermining their support for the sanctions. The profits he gains from these relationships provide him the means to reward key supporters and, more importantly, to fund his pursuit of WMD. His calculus is *never* about bettering or helping the Iraqi people.

(U) Let me be clear: Saddam remains a threat. He is determined to thwart UN sanctions, press ahead with weapons of

mass destruction, and resurrect the military force he had before the Gulf war. Today, he maintains his vise grip on the levers of power through a pervasive intelligence and security apparatus, and even his reduced military force—which is less than half its pre-war size—remains capable of defeating more poorly armed internal opposition groups and threatening Iraq's neighbors.

(U) As I said earlier, we continue to watch Iraq's involvement in terrorist activities. Baghdad has a long history of supporting terrorism, altering its targets to reflect changing priorities and goals. It has also had contacts with al-Qa'ida. Their ties may be limited by divergent ideologies, but the two sides' mutual antipathy toward the United States and the Saudi royal family suggests that tactical cooperation between them is possible—even though Saddam is well aware that such activity would carry serious consequences.

(U) In **Iran**, we are concerned that the reform movement may be losing its momentum. For almost five years, President Khatami and his reformist supporters have been stymied by Supreme Leader Khamenei and the hardliners.

- The hardliners have systematically used the unelected institutions they control—the security forces, the judiciary, and the Guardian's Council—to block reforms that challenge their entrenched interests. They have closed newspapers, forced members of Khatami's cabinet from office, and arrested those who have dared to speak out against their tactics.

- Discontent with the current domestic situation is widespread and cuts across the social spectrum. Complaints focus on the lack of pluralism and government accountability, social restrictions, and poor economic performance. Frustrations are growing as the populace sees elected institutions such as the Majles and the Presidency unable to break the hardliners' hold on power.

(U) The hardline regime appears secure for now because security forces have easily contained dissenters and arrested potential

opposition leaders. No one has emerged to rally reformers into a forceful movement for change, and the Iranian public appears to prefer gradual reform to another revolution. But the equilibrium is fragile and could be upset by a miscalculation by either the reformers or the hardline clerics.

(U) For all of this, reform is not dead. We must remember that the people of Iran have demonstrated in four national elections since 1997 that they want change and have grown disillusioned with the promises of the revolution. Social, intellectual, and political developments are proceeding, civil institutions are growing, and new newspapers open as others are closed.

(U) The initial signs of Tehran's cooperation and common cause with us in Afghanistan are being eclipsed by Iranian efforts to undermine US influence there. While Iran's officials express a shared interest in a stable government in Afghanistan, its security forces appear bent on countering the US presence. This seeming contradiction in behavior reflects deep-seated suspicions among Tehran's clerics that the United States is committed to encircling and overthrowing them—a fear that could quickly erupt in attacks against our interests.

- We have seen little sign of a reduction in Iran's support for terrorism in the past year. Its participation in the attempt to transfer arms to the Palestinian Authority via the Karine-A probably was intended to escalate the violence of the intifada and strengthen the position of Palestinian elements that prefer armed conflict with Israel.

(U) The current conflict between **Israel and the Palestinians** has been raging for almost a year and a half, and it continues to deteriorate. The violence has hardened the public's positions on both sides and increased the longstanding animosity between Israeli Prime Minister Sharon and Palestinian leader Arafat. Although many Israelis and Palestinians say they believe that ultimately the conflict can only be resolved through negotiations, the absence of any

meaningful security cooperation between Israel and the Palestinian Authority—and the escalating and uncontrolled activities of the Palestine Islamic Jihad and HAMAS—make any progress extremely difficult.

- We are concerned that this environment creates opportunities for any number of players—most notably Iran—to take steps that will result in further escalation of violence by radical Palestinian groups.

- At the same time, the continued violence threatens to weaken the political center in the Arab world, and increases the challenge for our Arab allies to balance their support for us against the demands of their publics.

PROLIFERATION

(U) I turn now to the subject of **proliferation.** I would like to start by drawing your attention to several disturbing trends in this important area. WMD programs are becoming more advanced and effective as they mature, and as countries of concern become more aggressive in pursuing them. This is exacerbated by the diffusion of technology over time—which enables proliferators to draw on the experience of others and to develop more advanced weapons more quickly than they could otherwise. Proliferators are also becoming more self-sufficient. And they are taking advantage of the dual-use nature of WMD- and missile-related technologies to establish advanced production capabilities and to conduct WMD- and missile-related research under the guise of legitimate commercial or scientific activity.

(U) Let me address in turn the primary categories of WMD proliferation, starting with **chemical and biological weapons.** The CBW threat continues to grow for a variety of reasons, and to present us with monitoring challenges. The dual-use nature of many CW and BW agents complicates our assessment of offensive programs. Many CW and BW production capabilities are hidden in plants that

are virtually indistinguishable from genuine commercial facilities. And the technology behind CW and BW agents is spreading. We assess there is a significant risk within the next few years that we could confront an adversary—either terrorists or a rogue state—who possesses them.

(U) On the **nuclear** side, we are concerned about the possibility of significant nuclear technology transfers going undetected. This reinforces our need to more closely examine emerging nuclear programs for sudden leaps in capability. Factors working against us include the difficulty of monitoring and controlling technology transfers, the emergence of new suppliers to covert nuclear weapons programs, and the possibility of illicitly acquiring fissile material. All of these can shorten timelines and increase the chances of proliferation surprise.

(U) On the **missile** side, the proliferation of ICBM and cruise missile designs and technology has raised the threat to the US from WMD delivery systems to a critical threshold. As outlined in our recent National Intelligence Estimate on the subject, most Intelligence Community agencies project that by 2015 the US most likely will face ICBM threats from North Korea and Iran, and possibly from Iraq. This is in addition to the longstanding missile forces of Russia and China. Short- and medium-range ballistic missiles pose a significant threat now.

- Several countries of concern are also increasingly interested in acquiring a land-attack cruise missile (LACM) capability. By the end of the decade, LACMs could pose a serious threat to not only our deployed forces, but possibly even the US mainland.

(U) **Russian** entities continue to provide other countries with technology and expertise applicable to CW, BW, nuclear, and ballistic and cruise missile projects. Russia appears to be the first choice of proliferant states seeking the most advanced technology and training. These sales are a major source of funds for Russian commercial and defense industries and military R&D.

- Russia continues to supply significant assistance on nearly all aspects of Tehran's nuclear program. It is also providing Iran assistance on long-range ballistic missile programs.

(U) **Chinese** firms remain key suppliers of missile-related technologies to Pakistan, Iran, and several other countries. This is in spite of Beijing's November 2000 missile pledge not to assist in any way countries seeking to develop nuclear-capable ballistic missiles. Most of China's efforts involve solid-propellant ballistic missile development for countries that are largely dependent on Chinese expertise and materials, but it has also sold cruise missiles to countries of concern such as Iran.

- We are closely watching Beijing's compliance with its bilateral commitment in 1996 not to assist unsafeguarded nuclear facilities, and its pledge in 1997 not to provide any new nuclear cooperation to Iran.

- Chinese firms have in the past supplied dual-use CW-related production equipment and technology to Iran. We remain concerned that they may try to circumvent the CW-related export controls that Beijing has promulgated since acceding to the CWC and the nuclear Nonproliferation Treaty.

(U) **North Korea** continues to export complete ballistic missiles and production capabilities along with related raw materials, components, and expertise. Profits from these sales help P'yongyang to support its missile—and probably other WMD—development programs, and in turn generate new products to offer to its customers—primarily Iran, Libya, Syria, and Egypt. North Korea continues to comply with the terms of the Agreed Framework that are directly related to the freeze on its reactor program, but P'yongyang has warned that it is prepared to walk away from the agreement if it concluded that the United States was not living up to its end of the deal.

(U) **Iraq** continues to build and expand an infrastructure capable of producing WMD. Baghdad is expanding its civilian chemical industry in ways that could be diverted quickly to CW production. We believe it also maintains an active and capable BW program; Iraq told UNSCOM it had worked with several BW agents.

- We believe Baghdad continues to pursue ballistic missile capabilities that exceed the restrictions imposed by UN resolutions. With substantial foreign assistance, it could flight-test a longer-range ballistic missile within the next five years. It may also have retained the capability to deliver BW or CW agents using modified aircraft or other unmanned aerial vehicles.

- We believe Saddam never abandoned his nuclear weapons program. Iraq retains a significant number of nuclear scientists, program documentation, and probably some dual-use manufacturing infrastructure that could support a reinvigorated nuclear weapons program. Baghdad's access to foreign expertise could support a rejuvenated program, but our major near-term concern is the possibility that Saddam might gain access to fissile material.

(U) **Iran** remains a serious concern because of its across-the-board pursuit of WMD and missile capabilities. Tehran may be able to indigenously produce enough fissile material for a nuclear weapon by late this decade. Obtaining material from outside could cut years from this estimate. Iran may also flight-test an ICBM later this decade, using either Russian or North Korean assistance. Having already deployed several types of UAVs—including some in an attack role—Iran may seek to develop or otherwise acquire more sophisticated LACMs. It also continues to pursue dual-use equipment and expertise that could help to expand its BW arsenal, and to maintain a large CW stockpile.

(U) Both **India** and **Pakistan** are working on the doctrine and tactics for more advanced nuclear weapons, producing fissile material, and increasing their nuclear stockpiles. We have continuing

concerns that both sides may not be done with nuclear testing. Nor can we rule out the possibility that either country could deploy their most advanced nuclear weapons without additional testing. Both countries also continue development of long-range nuclear-capable ballistic missiles, and plan to field cruise missiles with a land-attack capability.

(U) As I have mentioned in years past, we face several unique challenges in trying to detect WMD acquisition by proliferant states and non-state actors. Their use of denial and deception tactics, and their access to a tremendous amount of information in open sources about WMD production, complicate our efforts. So does their exploitation of space. The unique spaceborne advantage that the US has enjoyed over the past few decades is eroding as more countries—including China and India—field increasingly sophisticated reconnaissance satellites. Today there are three commercial satellites collecting high-resolution imagery, much of it openly marketed. Foreign military, intelligence, and terrorist organizations are exploiting this—along with commercially available navigation and communications services—to enhance the planning and conduct of their operations.

(U) Let me mention here another danger that is closely related to proliferation: the changing character of warfare itself. As demonstrated by September 11, we increasingly are facing real or potential adversaries whose main goal is to cause the United States pain and suffering, rather than to achieve traditional military objectives. Their inability to match US military power is driving some to invest in "asymmetric" niche capabilities. We must remain alert to indications that our adversaries are pursuing such capabilities against us.

RUSSIA

(U) Mr. Chairman, let me turn now to other areas of the world where the US has key interests, beginning with **Russia.** The most striking development regarding Russia over the past year has been

Moscow's greater engagement with the United States. Even before September 11, President Putin had moved to engage the US as part of a broader effort to integrate Russia more fully into the West, modernize its economy, and regain international status and influence. This strategic shift away from a zero-sum view of relations with the United States is consistent with Putin's stated desire to address the many socioeconomic problems that cloud Russia's future.

(U) During his second year in office, Putin moved strongly to advance his policy agenda. He pushed the Duma to pass key economic legislation on budget reform, legitimizing urban property sales, flattening and simplifying tax rates, and reducing red tape for small businesses. His support for his economic team and its fiscal rigor positioned Russia to pay back wages and pensions to state workers, amass a post-Soviet high of almost $39 billion in reserves, and meet the major foreign debt coming due this year (about $14 billion) and next (about $16 billion).

- He reinvigorated military reform by placing his top lieutenant atop the Defense Ministry and increasing military spending for the second straight year—even as he forced tough decisions on de-emphasizing strategic forces, and pushing for a leaner, better-equipped conventional military force.

(U) This progress is promising, and Putin is trying to build a strong Presidency that can ensure these reforms are implemented across Russia—while managing a fragmented bureaucracy beset by informal networks that serve private interests. In his quest to build a strong state, however, he is trying to establish parameters within which political forces must operate. This "managed democracy" is illustrated by his continuing moves against independent national television companies.

- On the economic front, Putin will have to take on bank reform, overhaul of Russia's entrenched monopolies, and judicial reform to move the country closer to a Western-style market economy and attract much-needed foreign investment.

(U) Putin has made no headway in Chechnya. Despite his hint in September of a possible dialogue with Chechen moderates, the fighting has intensified in recent months, and thousands of Chechen guerrillas—and their fellow Arab mujahedeen fighters—remain. Moscow seems unwilling to consider the compromises necessary to reach a settlement, while divisions among the Chechens make it hard to find a representative interlocutor. The war, meanwhile, threatens to spill over into neighboring Georgia.

(U) After September 11, Putin emphatically chose to join us in the fight against terrorism. The Kremlin blames Islamic radicalism for the conflict in Chechnya and believes it to be a serious threat to Russia. Moscow sees the US-led counterterrorism effort—particularly the demise of the Taliban regime—as an important gain in countering the radical Islamic threat to Russia and Central Asia.

(U) So far, Putin's outreach to the United States has incurred little political damage, largely because of his strong domestic standing. Recent Russian media polls show his public approval ratings at around 80 percent. The depth of support within key elites, however, is unclear—particularly within the military and security services. Public comments by some senior military officers indicate that elements of the military doubt that the international situation has changed sufficiently to overcome deeply rooted suspicions of US intentions.

(U) Moscow retains fundamental differences with Washington on key issues, and suspicion about US motives persists among Russian conservatives—especially within the military and security services. Putin has called the intended US withdrawal from the ABM treaty a "mistake," but has downplayed its impact on Russia. At the same time, Moscow is likely to pursue a variety of countermeasures and new weapons systems to defeat a deployed US missile defense.

CHINA

(U) I turn next to **China.** Last year I told you that China's drive to become a great power was coming more sharply into focus. The challenge, I said, was that Beijing saw the United States as the primary obstacle to its realization of that goal. This was in spite of the fact that Chinese leaders at the same time judged that they needed to maintain good ties with Washington. A lot has happened in US-China relations over the past year, from the tenseness of the EP-3 episode in April to the positive image of President Bush and Jiang Zemin standing together in Shanghai last fall, highlighting our shared fight against terrorism.

(U) September 11 changed the context of China's approach to us, but it did not change the fundamentals. China is developing an increasingly competitive economy and building a modern military force with the ultimate objective of asserting itself as a great power in East Asia. And although Beijing joined the coalition against terrorism, it remains deeply skeptical of US intentions in Central and South Asia. It fears that we are gaining regional influence at China's expense, and it views our encouragement of a Japanese military role in counterterrorism as support for Japanese rearmament—something the Chinese firmly oppose.

(U) As always, Beijing's approach to the United States must be viewed against the backdrop of China's domestic politics. I told you last year that the approach of a major leadership transition and China's accession to WTO would soon be coloring all of Beijing's actions. Both of those benchmarks are now upon us. The 16th Communist Party Congress will be held this fall, and China is now confronting the obligations of WTO membership.

(U) On the leadership side, Beijing is likely to be preoccupied this year with succession jockeying, as top leaders decide who will get what positions—and who will retire—at the Party Congress and in the changeover in government positions that will follow next spring. This preoccupation is likely to translate into a cautious and defensive approach on most policy issues. It probably also translates into a persistently nationalist foreign policy, as each of the contenders

in the succession contest will be obliged to avoid any hint of being "soft" on the United States.

(U) China's entry into the WTO underscores the trepidation the succession contenders will have about maintaining internal stability. WTO membership is a major challenge to Chinese stability because the economic requirements of accession will upset already disaffected sectors of the population and increase unemployment. If China's leaders stumble in WTO implementation—and even if they succeed—they will face rising socioeconomic tensions at a time when the stakes in the succession contest are pushing them toward a cautious response to problems. In the case of social unrest, that response is more likely to be harsh than accommodative toward the population at large.

(U) The Taiwan issue remains central. Cross-strait relations remain at a stalemate, but there are competing trend lines behind that. Chinese leaders seemed somewhat complacent last year that the growing economic integration across the Taiwan Strait was boosting Beijing's long-term leverage. The results of Taiwan's legislative elections in December, however, strengthened President Chen's hand domestically. Although Beijing's latest policy statement—inviting members of Chen's party to visit the mainland—was designed as a conciliatory gesture, Beijing might resume a more confrontational stance if it suspects him of using his electoral mandate to move toward independence.

(U) Taiwan also remains the focus of China's military modernization programs. Over the past year, Beijing's military training exercises have taken on an increasingly real-world focus, emphasizing rigorous practice in operational capabilities and improving the military's actual ability to use force. This is aimed not only at Taiwan but also at increasing the risk to the United States itself in any future Taiwan contingency. China also continues to upgrade and expand the conventional short-range ballistic missile force it has arrayed against Taiwan.

(U) Beijing also continues to make progress towards fielding its first generation of road mobile strategic missiles—the DF-31. A longer-range version capable of reaching targets in the US will become operational later in the decade.

NORTH KOREA

(U) Staying within East Asia for a moment, let me update you on **North Korea**. The suspension last year of engagement between P'yongyang, Seoul, and Washington reinforced the concerns I cited last year about Kim Chong-il's intentions toward us and our allies in Northeast Asia. Kim's reluctance to pursue constructive dialogue with the South or to undertake meaningful reforms suggests that he remains focused on maintaining internal control—at the expense of addressing the fundamental economic failures that keep the North mired in poverty and pose a long-term threat to the country's stability. North Korea's large standing army continues to be a priority claimant on scarce resources, and we have seen no evidence that P'yongyang has abandoned its goal of eventual reunification of the Peninsula under the North's control.

(U) The cumulative effects of prolonged economic mismanagement have left the country increasingly susceptible to the possibility of state failure. North Korea faces deepening economic deprivation and the return of famine in the absence of fundamental economic reforms and the large-scale international humanitarian assistance it receives—an annual average of 1 million metric tons of food aid over the last five years. It has ignored international efforts to address the systemic agricultural problems that exacerbate the North's chronic food shortages. Grain production appears to have roughly stabilized, but it still falls far short of the level required to meet minimum nutritional needs for the population. Large numbers of North Koreans face long-term health damage as a result of prolonged malnutrition and collapse of the public health network.

LATIN AMERICA

(U) Other important regions of the developing world are test cases for many of the political, social, and demographic trends I identified earlier—trends that pose latent or growing challenges to US interests, and sometimes fuel terrorists. I have already mentioned **Southeast Asia** in this respect, citing the rise of Islamic extremism in Indonesia and terrorist links in the Philippines.

(U) **Latin America** is becoming increasingly volatile as the potential for instability there grows. The region has been whipsawed by five economic crises in as many years, and the economic impact of September 11 worsened an already bleak outlook for regional economies as the global slump reduces demand for exports.

(U) In this context, I am particularly concerned about **Venezuela**, our third largest supplier of petroleum. Domestic unhappiness with President Chavez's "Bolivarian revolution" is growing, economic conditions have deteriorated with the fall in oil prices, and the crisis atmosphere is likely to worsen. In **Argentina**, President Duhalde is trying to maintain public order while putting into place the groundwork for recovery from economic collapse, but his support base is thin.

(U) **Colombia** too remains highly volatile. The peace process there faces many obstacles, and a significant increase in violence—especially from the FARC—may be in the offing. Colombia's tenuous security situation is taking a toll on the economy and increasing the dangers for US military advisers in the country. Together, the difficult security and economic conditions have hampered Bogota's ability to implement Plan Colombia's counterdrug and social programs. Colombia remains the cornerstone of the world's cocaine trade, and the largest source of heroin for the US market.

AFRICA

(U) The chronic problems of **Sub-Saharan Africa** make it, too, fertile ground for direct and indirect threats to US interests. Governments without accountability and natural disasters have left

Africa with the highest concentration of human misery in the world. It is the only region where average incomes have declined since 1970, and Africans have the world's lowest life expectancy at birth. These problems have been compounded by the HIV/AIDS pandemic, which will kill more than 2 million Africans this year, making it the leading source of mortality in the region.

(U) Given these grim facts, the risk of state failures in Sub-Saharan Africa will remain high. In the past decade, the collapse of governments in Somalia, Liberia, Rwanda, Congo-Kinshasa, and elsewhere has led the United States and other international partners to provide hundreds of millions of dollars worth of aid, and to deploy thousands of peacekeepers. A number of other African states—including **Zimbabwe** and **Liberia**—are poised to follow the same downward spiral. In Zimbabwe, President Mugabe's attempts to rig the presidential election scheduled for next month increases the chances of a collapse in law and order that could spill over into South Africa and other neighbors. The UN-monitored truce between **Ethiopia** and **Eritrea** also remains fragile.

BALKANS

(U) Finally, let me briefly mention the **Balkans**, the importance of which is underlined by the continuing US military presence there. International peacekeeping troops, with a crucial core from NATO, are key to maintaining stability in the region.

(U) In **Macedonia**, the Framework Agreement brokered by the United States and the EU has eased tensions by increasing the ethnic Albanians' political role, but it remains fragile and most of the agreement has yet to be implemented. Ethnic Slavs are worried about losing their dominance in the country. If they obstruct implementation of the accord, many Albanians could decide that the Slav-dominated government—and by extension the international community—cannot be trusted.

(U) US and other international forces are most at risk in **Bosnia**, where Islamic extremists from outside the region played an important role in the ethnic conflicts of the 1990s. There is considerable sympathy for international Islamic causes among the Muslim community in Bosnia. Some of the mujahedin who fought in the Bosnian wars of the early 1990s stayed there. These factors combine with others present throughout the Balkans—weak border controls, large amounts of weapons, and pervasive corruption and organized crime—to sustain an ongoing threat to US forces there.

CONCLUSION

(U) Mr. Chairman, I want to end my presentation by reaffirming what the President has said on many occasions regarding the threats we face from terrorists and other adversaries. We cannot—and will not—relax our guard against these enemies. If we did so, the terrorists would have won. And that will not happen. The terrorists, rather, should stand warned that we will not falter in our efforts, and in our commitment, until the threat they pose to us has been eliminated.

(U) Thank you, Mr. Chairman. I welcome any questions you and your colleagues have for me.

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STATEMENT BY
ASSISTANT SECRETARY OF STATE
FOR INTELLIGENCE AND RESEARCH
CARL W. FORD, JR.
BEFORE THE SENATE SELECT COMMITTEE ON INTELLIGENCE
HEARING ON CURRENT AND PROJECTED THREATS TO THE
NATIONAL SECURITY OF THE UNITED STATES

FEBRUARY 6, 2002

Chairman Graham, Vice Chairman Shelby, Members of the Committee: I appreciate the opportunity to present INR's view of the current and prospective threats to the United States, its citizens, and its interests. INR sees no challenge to the existence or independence of the United States, strong relations with the major powers, and solid alliances. But significant threats remain, both today and over the next decade.

When INR, CIA, and DIA testified on this subject last year, all emphasized the threat of terrorism. We all pointed to asymmetric attacks, including by non-state actors using terrorism to counter our vastly superior military capabilities. I read last year's testimony for the first time when preparing for this hearing and was struck, as one who had no involvement in its preparation, by both its prescience and continued relevance. Indeed, I am resubmitting the testimony prepared by INR last year because I believe its comprehensive treatment of the threats we face is still useful. Rather than repeat the *tour d'horizon* approach used last year, much of which would duplicate the judgments articulated in the testimony submitted by other agencies, I wish to focus on underlying problems and common features linking the general and specific threats facing our country.

Terrorism, clearly the greatest current threat to Americans, transcends borders. It incubates inside failing states and feeds on frustrations arising from political repression, lack of economic progress, social inequality, and conviction that others--national leaders, foreign governments, rival ethnic or religious groups, the "West," or the sole superpower--are to blame. We need to remember that while terrorists tend to be fanatical devotees of something, terrorism itself is a collection of tactics, not an ideology. It is a blunt instrument intended to change conditions its practitioners find unacceptable. Despite the

undeniable impact of Operation Enduring Freedom thus far, many factors that nurture and inspire terrorism persist.

State sponsorship. The nature and significance of state sponsorship of terrorism has changed over the past few years. State-directed terrorism has not gone away, but it is now less threatening to Americans than are the actions of non-state actors such as al Qaida. Non-state terrorists increasingly seek not sponsorship as much as a weak state in which to operate. Would-be antagonists have doubtless noted lop-sided US victories in the Gulf war, Kosovo, and in the Afghan campaign. Because no nation can prevail in a direct confrontation with the US military, some may be tempted to strike the United States using terrorism as a low-cost, deniable tactic, and some states may try to use terrorist surrogates in lieu of actual combatants to raise the costs to one's opponent in long-running struggles. But the new trend seems to be toward well-financed non-state actors taking the lead.

Economic underdevelopment. Underdevelopment often breeds the foot soldiers for terrorism. People with little to lose are easily swayed to a cause, particularly if that cause carries with it some excitement and promise of rewards for one's self and family. Many who join groups that practice terrorism face a life of joblessness and poverty. Often living under oppressive governments with little prospect of a better life, young people—especially those whose exposure to education has made them even more frustrated and embittered—are prone to seek a way out, perhaps by attempting to migrate, perhaps by joining a movement that promises change through violence, perhaps by immersing themselves in religion. When unemployment hovers around 40% and nearly 45% of the population is under the age of 15 (as in the West Bank and Gaza Strip), people find it difficult to wait for a brighter future. Many of those drawn to Usama bin Laden are in similar circumstances.

Unresolved political issues. Political issues—such as the status of Kashmir, control of Jerusalem, or a homeland for Sri Lanka's Tamils—serve as focal points for the anger of various populations. In each of these instances decades have passed with no political resolution. Similarly, and increasingly, greater awareness of the outside world and the shortcomings of regimes that refuse to change and repress dissent fuels both frustration and willingness to use violence, including terror, to attack an unacceptable status quo.

Convergence of terrorism, narcotics, and crime. One of the most notable features of contemporary terrorism is its growing self-sufficiency. Examples abound, but the most notable are al-Qaida, FARC, and Hizballah. All three have independent means for raising and distributing money, including legitimate as well as criminal means ranging from drug trafficking to misappropriating funds intended for use by NGOs. Such groups also have multiple ways to recruit, train, and arm fighters, and to spread their propaganda. This independence frees groups from the constraints of state sponsors and makes them even more dangerous.

Western scapegoat. The West, particularly the United States, is widely perceived as the guarantor of the status quo. As champions of progress, we find that painfully ironic. But many groups believe they can more easily attack their own country through attacking Americans or our economic interests. If their attacks can end western support for their country, they believe it will make the overthrow of their target regime far easier.

Downside of globalization. States that enter fully into the global economy and have the cultural and economic capacity to find a niche and compete successfully benefit enormously from globalization, as does the United States. Indeed, much of the world incorrectly but understandably sees globalization as Americanization. But the process also has a downside, especially in countries that must make difficult economic, cultural, and political changes before the benefits of globalization outweigh the costs. The process challenges traditional class systems and entrenched economic interests, raising expectations and demands on governments for services and reforms.

Globalization makes it easier to move goods, services, ideas, and people, but it also facilitates the migration of knowledge, technology, money, diseases and much more that can be problematic as well as beneficial. Computerized communications and cell phones have made it possible for radical groups to communicate more easily and securely. Terrorists and traffickers in persons and contraband become more difficult to contain, and those with the education and skills to make weapons of mass destruction can move about more easily. Money and investment move more easily, sometimes fleeing perceived future problems and producing a cycle of losses, unrest, further flight, and less investment. The ease of movement and investment has also encouraged the "off-the-books" economy, making law enforcement and revenue collection more difficult.

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Fragile and failing states. Many states have problems resulting from weak national institutions and often weaker economies. Traditional class, tribal, or regional divisions frequently abet corruption, crime, and chaos, which in turn breed disillusionment and further undermine the foundations of government and civil society. Failure to meet the needs of often burgeoning populations of young jobseekers, or to provide clean water or adequate health care, adds powder to an already full keg that any number of incidents can ignite.

Fragile and failing countries often provide terrorists refuge and recruits while producing economic migrants and refugees who add to the problems of neighboring states. Many of the states most at risk are in Africa, Central Asia, and the Middle East, but no region lacks them. Competent governments and significant international support together can alleviate the full spectrum of problems, including checking terrorism and proliferation. Failing governments cannot help us or escape their own predicaments without help. Indeed, they become "our" problem in a way we did not earlier encounter.

Threats to democracy and the "Washington consensus." The rush to embrace democracy, capitalism, and more open markets during the 1990s entailed numerous changes we regarded as positive, but the demise of a clear alternative in the form of communism does not ensure that these positive changes will endure. Many new democracies remain fragile. Democracy does not guarantee effective or honest government or ensure higher living standards. In parts of East Asia and Latin America, despite steps toward more democracy and market economies, increasing inequities and a growing perception of inequality fed by rapid urbanization and global communications contribute to resentment of "greedy western capitalists." Citizens who have endured the pain of short-term "reform" for the prospect of "gain" in the future grow impatient; incomplete or corrupted reform efforts have left many new democracies vulnerable and many new market economies in a parlous state.

Globalization compounds the problem. Electronic media reveal how much better others are doing and spotlight the failings of local leaders. Many electoral democracies have simply elected the same old corrupt elites to positions they had previously acquired by other means. Corruption, nepotism, and personal enrichment continue. Income gaps widen, the pie does not expand quickly enough, and better-informed publics become impatient.

Local problems with broader implications. Globalization means there is no such thing as a purely local problem. The Palestinian-Israeli dispute was never purely local, but the ripple effects are spreading. Tensions in Korea, the Taiwan Straits, and the South China Sea are generally lower than in the past, but, should tensions significantly increase or hostilities break out, the impact would be felt far beyond the region. The Kashmir dispute, fueled and to some extent controlled by terrorist groups, risks escalation to nuclear war.

Threats within borders. Tolstoy wrote in *Anna Karenina* that "Happy families are all alike; every unhappy family is unhappy in its own way." The same can be said for successful and unsuccessful states. Whatever their differences, stable and prosperous states have much in common. Every weak or failing state, however, is sick in its own way. These states can be divided into three categories: "*Precarious*", "*muddling through*", and "*near misses.*"

In **precarious states** large segments of society view national political, legal, and administrative structures as illegitimate--either because of their ineffectiveness or their identification with unpopular minority interests. They are often divided societies vulnerable to implosion and collapse. Such states are common in Africa, where colonial powers drew national boundaries and imposed administrative structures on divided societies. Afghanistan and Somalia are extreme examples of this phenomenon, and the dangers it entails, but many other states are also precarious.

Muddling through states have national structures that have acquired a measure of legitimacy through longevity. State and society appear stable, but socioeconomic factors preclude significant economic development or social progress. Long-run trends are strongly negative and crises are common. Innate conservatism limits social progress and massive societal upheaval, but problems are checked rather than solved. Several countries of the muddling through variety have experienced significant economic growth but are finding it very difficult to close the gap between rich and poor.

Near miss states made economic progress and political strides in the past but are now in a downward spiral. The difference between the "near misses" and the more successful developing countries is often a matter of bad policy decisions by the former. A fairly common factor among "near misses" is early economic success based on exploiting

natural resources or other transient circumstances that allowed the society to postpone dealing with deeper problems.

Over the last 20 years all of Latin America save Cuba has been labeled "democratic," but the nations of the region occupy varied positions on the continuum between democracy and authoritarianism. Relatively free and fair elections and observance of the most basic democratic and constitutional norms are commonplace. But so, too, are debilitating levels of crime, corruption, and socioeconomic inequities. Fewer than half of Latin Americans surveyed now contend that democracy is always preferable to authoritarianism. Though military government remains discredited, the door is increasingly ajar for populists trading on nostalgia for statist nostrums. Absent a strong economic resurgence, a vicious circle of cynicism looms. Reform enthusiasm has been replaced by fatigue.

Sovereignty and self-determination. Disputes over an international border, long a source of international conflict, have-at least for now-become much less prevalent. Cross-border issues now tend to concern control over populations of ethnic or religious kin, or a sense of national irredentism. But disputes involving sovereignty and/or self-determination include several that could explode with catastrophic regional and, potentially, global consequences.

Menacing handful. The long-simmering confrontation between India and Pakistan over Kashmir could quickly boil over into a major war. That it has not yet done so reflects the strength of the leadership of both nations and effective external diplomacy. Neither India nor Pakistan seeks the destruction of the other as a state or society. Instead, they are divided over the fate of what is, for both, a relatively small area of enormous symbolic-though not strategic-value.

The other two potentially catastrophic disputes are in East Asia: the historical division of the Korean peninsula and tension between China and Taiwan. Though we believe tensions are diminished in both locations, the disruptive effects should hostilities break out have increased because of the lethality of weaponry available, the potential economic impact, and spinoff political effects. These broader implications, while complicating resolution, also may have a limiting effect and contribute to maintaining the status quo.

A category apart. Though fundamentally a struggle over the establishment of national boundaries, the Israeli-Palestinian struggle is in a class by itself. No single dispute touches the emotions of so many other nations as the Israeli-Palestinian issue and, we believe, no other conflict could spark trouble so widely or so quickly. It contains elements of traditional international disputes and regional independence movements, but as a struggle between a recognized nation state and a subject people attempting to create an independent nation it also resembles the anti-colonial struggles that followed World War II.

Transnational threats. Now, Mr. Chairman, I will turn to those threats that are transnational. Beyond the painfully obvious terrorist threat, these include weapons proliferation, narco-trafficking, and emerging threats such as infectious diseases and trafficking in persons.

Proliferation and trafficking of weapons. Many of the components and technologies needed for the development or acquisition of weapons of mass destruction (WMD), ballistic missiles, and advanced conventional weapons (ACW) move relatively easily across international borders. Nuclear weapons remain the most difficult form of WMD to produce or acquire. Though much of the information needed to design a nuclear weapon is now in the public domain, the technical requirements are hard to meet, and national and international export controls and nonproliferation regimes constrain access to the requisite raw materials and technology.

Chemical weapons (CW) and biological weapons (BW) are at the opposite end of the spectrum. They are less cataclysmic but easier to acquire. The inherently dual-use nature of many goods and technologies needed to produce CW and BW increases the likelihood that we will confront such a threat in the future—probably by non-state actors.

The potential for the spread or indigenous development of ballistic missile systems remains real but poses less of a near-term threat to US national security. Indeed, both state and non-state actors are more likely to opt for less expensive, more reliable and accurate delivery systems for nonconventional weapons. Ships, trucks, airplanes, or even the mail are much easier to use covertly and lend themselves to effective dissemination of certain WMD, such as biological weapons.

The United States retains global dominance in advanced conventional weapons but we do not have a monopoly. Most

states of immediate concern (such as Iran, Iraq, Libya, and North Korea) lack the financial resources and technological-organizational sophistication to produce, deploy, and maintain large numbers of cutting-edge weapons systems—hence their quest for WMD to offset their conventional weakness. Nonetheless, widespread and active global trade in advanced conventional technologies could increase the threat to US and allied forces.

Trafficking in conventional arms, whether as a matter of policy by governments or through the actions of "rogue" companies, has had a devastating impact on many regional conflicts. Efforts to stem the flow of arms by imposing arms embargoes and seeking to enhance border control, customs, and police capabilities have been largely ineffective. As I have noted, Mr. Chairman, we can no longer consider such "regional" conflicts to be purely local problems.

Drug threat. The drug trade remains a direct and indirect threat to Americans and American interests. It is well organized, adaptable, ruthless, and has access to wealth on a scale without historical precedent. Years before international crime was recognized as a serious threat to governments, the drug syndicates had already established a sophisticated array of supply and distribution networks, money-laundering mechanisms, and, perhaps most important, influential government contacts in many drug source and transit countries. They developed and perfected many of today's ingenious money-laundering techniques by hiring the best lawyers and accountants and using the most advanced technology available. Successful law enforcement actions have winnowed out the less efficient organizations, leaving the more resourceful ones to dominate the field. Taking advantage of globalization, they have acquired expertise wherever it is available.

Nontraditional threats. The conditions noted above as incubators for terrorism also spawn and facilitate transmission of nontraditional threats. Such threats include infectious diseases such as tuberculosis, malaria, and especially HIV/AIDS. Persons affected are only a plane ride away from the American public. With public health infrastructures collapsing, easily preventable or curable water-borne diseases, such as cholera and dysentery, claim many lives, reduce productivity, and drain national budgets in already fragile countries.

Dealing with the threats. To deal with an ever-changing, increasingly complex, unpredictable, and

interconnected world, the Intelligence Community needs, in my view, greater breadth and flexibility with a new or renewed emphasis on expertise. Money and numbers of personnel will only serve us well if we can recruit, retain, groom, and then fully utilize true experts who can apply their deep understanding to difficult problems and create new knowledge useful to policymakers derived from information of all kinds.

Breadth. The Community already collects more data than it can process or analyze. Collection nonetheless remains of critical national security importance in crucial areas and specific contexts. Terrorism and the spread of WMD and missile systems correctly top the list of collection priorities, but we have learned over the past decade that we need both more information on and better analysis of a very wide range of developments on every continent and in every country. Even the wisest of analysts or the best collection managers will, at times, fail to anticipate the precise nature and timing of some calamitous event, as happened last September. We need to take to heart Richard Betts' recent caution in *Foreign Affairs* that no one bats 1000—even though batting less than that can have catastrophic outcomes.

Thus, we must maintain awareness and vigilance on a global scale, monitoring all major issues everywhere with a solid base of permanent expertise. We in INR, like the rest of the Community, face a looming wave of retirements that will erode our expertise. We must provide analysts incentives, recognition, and career tracks allowing them to acquire and apply the kind of deep expertise needed to make sense of the contemporary world. What is more, we must develop and maintain such expertise on all regions and issues, not just a select few.

Flexibility. The Community must develop mechanisms that allow for rapid, manageable reallocation of resources and capabilities to problems as they emerge or bear closer scrutiny. Though I stress the need to remain globally alert, that does not imply spreading our capabilities or personnel across all issues like butter. We need the ability to attack new problems as they come up, working all the while to see them coming as far out as possible. Warning remains essential. The concept of "surge" is essentially unthinkable if we are forced—within our existing manpower—to abandon other key concerns and priorities to scrum against the hottest issue and concern of the day. In INR we have no choice but to cover the entire world every day. We do a pretty good job, but we always need help from other parts of the Community.

Building on the global awareness we have outlined in our combined testimony before this committee and on a range of future-oriented assessments, including the INR study *Diplomacy 2010* of two years ago, we have the ability to aggregate problems and assemble now the range of resources we will need in coming years. But we need to ensure that the production of valuable intelligence, and the judgments we can draw using it, are not hobbled by a smothering amount of bureaucratic process and artificial boundaries. Just as the military speaks of a tooth to tail ratio, the community must maximize the enhancement of expertise, in both collection and analysis.

Depth. Expertise is our lifeblood. Hiring hundreds of new analysts and throwing money at challenges makes sense only if we can engage the best people and apply expertise quickly and effectively. In INR we have many analysts with 20 to 30 years of experience on a small set of issues or countries. They are a tremendous resource, but they must be replenished. Throughout the Intelligence Community we have a major challenge to make the analytic profession attractive to America's brightest and most energetic, and to offer the stimulation and stature that will persuade many to remain in public service. We must give them the tools, training, and time to build and apply their expertise. Technology without time and training is insufficient and ineffective. Though many agencies use a model where advancement means movement into some management rank, we in INR believe strongly we must reward expertise as such—elevating people for what they know and produce. The best school teacher may make the worst principal. Enabling analysts fully to exploit their deepening expertise, and perhaps assigning to the most senior and valuable of them both understudies and research assistants who can aspire to greater skill and rank—and provide a measure of analytic continuity—deserve serious examination and testing.

The issues we confront have exploded in quantity and complexity since the Cold War ended. But, Mr. Chairman, the greatest nation on earth with the world's most creative and innovative brains can deal successfully with a complex world of interlinked politics, economics, and societies if we can keep them constantly under our intelligence collection and analysis lens.

STATEMENT BY
ACTING ASSISTANT SECRETARY OF STATE
FOR INTELLIGENCE AND RESEARCH
THOMAS FINGAR
BEFORE THE SENATE SELECT COMMITTEE ON INTELLIGENCE
HEARING ON CURRENT AND PROJECTED NATIONAL SECURITY
THREATS TO THE UNITED STATES

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Chairman Shelby, Senator Graham, Members of the Committee. I appreciate the opportunity to present INR's view of current and projected threats to the United States, American citizens, and American interests. Happily, the severity of specific threats to our nation, our values, our system of government, and our way of life are low and likely to remain so for the foreseeable future. Unfortunately, that is not the case with respect to threats to individual Americans and other national interests. Indeed, there appears to be a perversely inverse relationship between the diminution of threats to the United States homeland and the changing magnitude and variety of increasing threats to American citizens and interests.

The dramatic decline in the mega-threat symbolized by the end of the Cold War and the growing preponderance of our military capabilities make it increasingly difficult and irrational for any adversary to threaten our national existence. This makes resort to asymmetric threats more tempting. A variety of national and non-state actors are seeking both means and opportunities to achieve their goals by threatening Americans at home and abroad.

Americans abroad (residents, tourists, diplomats, business people, members of our Armed Forces, etc.) are a special target for many groups who oppose us and our values, resent our prosperity and power, or believe that Washington holds the key to achieving their own political, economic, or other goals. We become aware daily of threats to US businesses, military facilities, embassies, and individual citizens. Recent examples include the seizure of an American relief worker in Chechnya (since freed), the execution of an American oil worker seized in Ecuador, and the terrorist attack on the USS Cole.

Unconventional threats are the most worrisome because they are harder to detect, deter, and defend against. Misguided individuals, religious fanatics, self-styled

crusaders, and agents of national or rebel groups can--and do--operate everywhere and are capable of striking almost anywhere, anytime. Their most common weapons are bullets and bombs, but some in the catchall category of "terrorists" clearly seek to obtain chemical or biological weapons. Others appear capable of inflicting isolated damage through attacks on our information infrastructure. The magnitude of each individual threat is small, but, in aggregate, unconventional threats probably pose a more immediate danger to Americans than do foreign armies, nuclear weapons, long-range missiles, or the proliferation of WMD and delivery systems.

Terrorism. The United States remains a number one target of international terrorism. As in previous years, close to one-third of all incidents worldwide in 2000 were directed against Americans. The most devastating attack was the October 12 bombing of the USS Cole in Yemen that killed 17 sailors and injured many more.

The locus of attacks can be, and increasingly is, far removed from the geographic origin of the threat. Usama bin Ladin (UBL) is based in Afghanistan but his reach extends far beyond the subcontinent. Plausible, if not always credible, threats linked to his organization target Americans and America's friends or interests on almost every continent. His organization remains a leading suspect in the Cole investigation, and he and several members of his organization have been indicted for the 1998 embassy bombings in Kenya and Tanzania. Had it not been for vigilant Jordanian security, UBL operatives would have conducted attacks in that country to disrupt Millennium celebrations. Members of his network and other like-minded radical Mujahedin are active globally. Bin Ladin funds training camps and participates in a loose worldwide terrorist network that includes groups such as the Egyptian Islamic Jihad and the Kashmiri Harakat al Mujahedin. The UBL network is analogous to a multinational corporation. Bin Ladin, as CEO, provides guidance, funding, and logistical support, but his henchmen, like regional directors or affiliates, have broad latitude and sometimes pursue their own agendas.

Some terrorists, including bin Ladin, have evinced interest in acquiring weapons of mass destruction. Thus far, however, only Aum Shinrikyo, the group responsible for the 1995 subway gas attack in Tokyo, has actually used such a weapon. There has been no repetition or credible threat of such an attack in the last five years, but the problem clearly has not gone away. There will be another attack;

what we do not, and possibly cannot, know is when, where, by whom, and why.

State sponsorship of terrorism has declined, but it has not disappeared. Iran still supports groups such as the Palestine Islamic Jihad dedicated to the disruption of the Middle East Peace Process. Iraq also harbors terrorists and may be rebuilding its intelligence networks to support terrorism. Afghanistan's Taleban, though not a national government, does provide crucial safe haven to UBL.

Proliferation. The efforts of many nations to develop weapons of mass destruction (WMD) and the missiles to deliver them continues to present a serious potential threat to the safety of US citizens abroad and at home, and to US interests worldwide. It is difficult, however, to characterize the WMD threat without caricature, difficult to raise alarms without drowning out reasons for encouragement.

The gravity of nuclear proliferation significantly outweighs that of either chemical weapons or biological weapons proliferation. But, although the basic understanding of nuclear weapons physics is widespread, nuclear weapons are, fortunately, the most difficult kind to produce or acquire. Access to fissile material is a critical impediment. The challenges to the international nuclear non-proliferation regime represented by the Indian and Pakistani nuclear tests of 1998 are real but must be seen in the context of decisions earlier in the decade by South Africa, Ukraine, Argentina, Brazil, and others (i.e., Belarus and Kazakhstan) to forgo the nuclear option. The success of diplomatic efforts to extend indefinitely the Non-Proliferation Treaty, to enhance IAEA safeguards, and to win nearly universal membership in the Comprehensive Test Ban Treaty provide evidence that the international community recognizes the nuclear danger and is making progress in providing the means to counter it. Today only a few states appear to be actively seeking to acquire nuclear weapons. The greatest near-term danger remains the potential for shortcuts in the transfer of weapons technology and weapons grade fissile materials to such states from the existing nuclear powers. But, despite fears of "leakage" from stockpiles of the former Soviet Union and sales by North Korea, we have not yet been faced with activities in this area on a scale that has raised significant concerns.

Chemical weapons are more of a tactical threat to US forces and allies than a strategic threat to the homeland. Biological and toxin weapons are more of a terrorist threat to civilian populations than an effective instrument of

warfare. Potential CW and BW threats are nonetheless real and increasingly widespread. Despite broad participation in the Chemical Weapons Convention and Biological Weapons Convention, the dual-use nature of the relevant technologies, modest technological prerequisites for development, and the low profile of illicit activities suggest that the potential threat from both state and non-state actors will continue to grow.

Ballistic missiles remain the most feared delivery mode for WMD because of their speed, relative invulnerability to attack (when mobile), and ability to penetrate defenses. There has been a dramatic increase in the aggregate number of short-range ballistic missiles in recent years; this growth will continue. The increase in the number of longer-range missiles has been much slower. International efforts, such as the Missile Technology Control Regime (MTCR) and various bilateral understandings between supplier states, have made it more difficult for states of proliferation concern to develop and deploy ballistic missiles. By adding to the significant technological challenge proliferant states must overcome to develop multi-stage missile systems, these external controls force such states to use covert or less efficient paths of development, increasing the cost and time requirements for system development. As a result, missile proliferation has occurred at a slower rate than predicted by previous Intelligence Community (IC) estimates. INR assesses that, among states seeking long-range missiles, only North Korea could potentially threaten the US homeland with ballistic missiles in this decade, and only if it abandons its current moratorium on long-range missile flight testing.

The Nuclear Threat. Only Russia has the unqualified capacity to destroy the United States. Indeed, for the foreseeable future, Russia's ability to threaten US territory and overseas interests is greater than that of all other potential adversaries combined. China is the only other country not an ally of the United States that currently has the capacity to strike the US homeland with nuclear weapons. The aggregate nuclear-armed ICBM threat against the United States is declining dramatically, however, as a result of Russian military choices related to START I and START II and the significantly reduced size of the Russian economy (compared with that of the Soviet Union). China's force, however, is in the process of modest expansion. We assess the likelihood of an attack on the United States by either Russia or China to be extremely low and judge that both have effective safeguards against unauthorized or accidental launches.

This situation could change for the worse if Moscow and/or Beijing concluded that the United States was pursuing a course in fundamental conflict with Russian/Chinese interests. Such a perception could trigger decisions that would significantly increase the quantitative threat to the United States. Instead of dramatically reducing their strategic nuclear warheads to some 1500 by 2015, the Russians could halt their decline at or above 2,000 warheads. The size of the Chinese strategic threat to the United States could more than triple by the end of the decade should China decide to MIRV existing ICBMs or deploy new ones. A resumption of nuclear testing by China could lead to smaller warheads and further MIRVing. Should either Russia or China (or both) put their strategic forces on a higher state of alert, the danger of accidental launch would increase. Negative political or economic factors could also erode existing protections against accidental or unauthorized launch.

The growing availability of technical information about nuclear weapons and the increase in well-financed non-state terrorist organizations make the prospect of a threat to the United States from a surreptitious nuclear device -- for example, hidden in a cargo ship -- a significant second-order concern. The difficulty of acquiring sufficient fissile material would be the most important technical factor limiting the ability of nations or terrorist groups to acquire such a capability.

North Korea's nascent space launch vehicle/ICBM program and presumed nuclear potential are cause for concern and the focus of ongoing diplomatic efforts. Given the credibility of US retaliatory capabilities, however, we assess that, in most circumstances, North Korea could be deterred from launching a nuclear attack on the American homeland, American friends and allies, or against American forces abroad. Nevertheless, the threat is real, and a multifaceted diplomatic effort is under way to reduce or eliminate it. So far, this effort has yielded a freeze on activity at declared North Korean nuclear facilities and a moratorium on space or long-range missile launches for the duration of US-DPRK missile talks.

Missiles and Missile Proliferation. Ballistic missiles are a special concern, particularly when possessed by countries with nuclear, chemical, or biological weapons, because of their ability to strike rapidly and penetrate defenses. The number of countries developing capabilities to produce ballistic missiles and/or space launch vehicles

is increasing; the list includes, among others, North Korea, Iran, India, and Pakistan. Their indigenous capabilities have been enhanced by technology transfers from other countries--principally Russia, China, and North Korea. Foreign assistance has extended the range and improved the accuracy of older-generation missiles and accelerated the development and production of indigenous systems.

That the number of countries with ballistic missiles continues to increase and that the range, payload, and accuracy of such missiles continue to improve are cause for concern. But there is a "good news" story as well. The number of countries possessing or seeking to acquire ballistic missiles remains small and does not appear to be growing from Cold War levels. Most programs appear to be advancing more slowly than anticipated. And, despite leakage of technology and possible violations of commitments, the trend line is toward less rather than more transfers of technology and complete systems. The export of missiles and technology from North Korea remains the biggest proliferation problem. Now and for the next several years, ballistic missiles are unlikely to be used against US territory, but they already pose a real and growing threat to US allies and US forces deployed abroad.

The Conventional Military Threat. The threat of a large-scale conventional military attack against the United States or its allies will remain low for the immediate future. Since the demise of the Warsaw Pact, there has existed no hostile military alliance capable of challenging the United States or NATO, and none is on the horizon. But regional tensions and potential conflicts do threaten US interests abroad. Progress toward Middle East peace remains key to reducing the chances of another major war in that region. Iraq threatens regional security by confronting coalition forces and continues to seek weapons of mass destruction. Saddam Hussein could precipitate major crises at any time.

Trends that could increase the conventional military threat are emerging. US military dominance and economic, cultural, and technological preeminence have sparked resentment among potential rivals who do not share US values and are concerned that the United States will use its global leverage in ways inimical to their interests. This has prompted them to seek ways to constrain Washington. These countries are unlikely to forge formal alliances, but should they perceive US policies as hostile or an impediment to the attainment of their own objectives, they could decide to move beyond rhetorical and political cooperation to military cooperation, including in the sale of weapons and

technologies that might otherwise have been kept off the market.

The global spread of conventional military capabilities through international transfers and indigenous defense industrial development continues unabated in the post-Cold War era by a host of mutually reinforcing trends. The worldwide proliferation of conventional military capabilities, particularly irresponsible and illicit arms trafficking to states of concern, sub-national actors, and regions of conflict pose increased risks to international security.

Technology Diffusion. Accelerating technological progress in an increasingly global economy has facilitated the spread of advanced military technologies once restricted to a few industrialized nations. Chemical and biological weapons will pose a growing threat to US forces and interests at home and abroad as the means to produce them become more accessible and affordable. Such weapons are attractive to countries seeking a cheap deterrent and to terrorist groups looking for ways to inflict mass casualties. The critical importance of communications and computer networks to the military and to almost every sector of the civilian economy has increased US vulnerability to a hostile disruption of its information infrastructure. Russia, China, and Cuba have active government information warfare (IW) programs, and a number of other countries are interested in the IW concept. Terrorist groups, disgruntled individuals, or even individual hackers could inflict limited but significant damage to key sectors and regions.

Countries With Global Reach. Russia's ability to project power beyond its borders and to challenge US interests directly has been greatly diminished since the fall of the USSR. Russia is focused on its own domestic problems and increasingly aware of its weaknesses and limitations. Nevertheless, Russia remains a nuclear power with the capability to destroy the United States. It retains the ability to influence foreign and security policy developments in Europe and, to a lesser extent, around the globe. Its interests sometimes coincide with those of the United States and our allies, but often they do not. Regional instability in the former Soviet Union, particularly in the Caucasus or Central Asia, could impinge on US interests, especially if such instability were to tempt external intervention.

The Russian political scene in 2000 was dominated by the person of Vladimir Putin. Putin, who took office in his

own right after presidential elections in March, moved quickly to bring Russia's far-flung regions under tighter control. He spoke repeatedly of the need for a democratic, market-oriented approach, including political pluralism and freedom of speech and conscience, and for revitalizing the Russian economy. He has called for reform and pledged to fight crime and corruption. But Putin has a security-services background, makes no secret of his belief in a strong, centralized state that plays a guiding role in the economy, and is enmeshed in a system dominated by a narrow stratum of political and financial elites.

Putin has yet to undertake more than a few halting steps toward systematic and thoroughgoing reform. The high oil prices and economic upswing that characterized Russia in 2000 seem to have reduced both pressures and incentives to reform. Without concerted effort, reform will be thwarted by powerful vested interests. Putin remains at least partially captive to those interests and to omnipresent political intrigue, and has yet to consolidate his own power within the institutions that he officially commands.

Russian foreign and security policies have become both more pragmatic and more assertive. Russia's continuing need for integration into international economic and financial institutions and access to key markets makes a wholesale return to the ideological confrontation and policy collisions of the Cold War unlikely. Nevertheless, deployment of a National Missile Defense and further NATO enlargement almost certainly will spark animated opposition from Moscow. Russia will continue to assert its interests, especially where it perceives US dominance to be inimical to its own long-term objectives. In doing so, Moscow will use whatever diplomatic tools are at its disposal.

China is committed to achieving a multipolar world in which it would have relatively more influence and the United States relatively less. This is not an ideological crusade, but part of a centuries-old quest for national wealth and power. Leaders recognize that, to achieve this goal, they must modernize their economy and expand their markets, neither of which they can do without maintaining good relations with the US. As a result, China has a large incentive to avoid confrontation with the United States, but Beijing will attempt to limit or forestall American unilateral or US-led actions judged adverse to China's own interests because they seem to strengthen and perpetuate a unipolar world. In doing so, Beijing will operate from a position of increasing economic and military strength.

Beijing's determination to prevent de jure Taiwan independence and propensity to misinterpret US actions and intentions together constitute the gravest threat to US-China relations and stability in Northeast Asia. Beijing aspires to regional influence, even dominance, but its military buildup is worrisome primarily in terms of the China-Taiwan-US dynamic. PRC leaders are convinced that they must be able to threaten Taiwan militarily to prevent a unilateral declaration of independence; Taiwan leaders believe they must have the military capability to defend against threats from the Mainland. The PRC might take military action if it perceived that Taiwan, with or without US support, was moving toward independence.

Chinese proliferation behavior is a continuing concern, particularly when it contributes to changes in the regional balance or threatens US interests in other geographic regions. Chinese entities have assisted the missile and nuclear programs of Pakistan, Iran, and others, but China has made progress in adopting and enforcing international control norms in the nuclear area. Last November, China articulated a new missile nonproliferation policy, stating that it would not assist any country, in any way, in the development of MTCR-class ballistic missiles. China also announced that it would enact at an early date a comprehensive missile-related export control system to help enforce that policy. We continue to monitor Chinese behavior on this front.

China faces significant potential for increased instability sparked by economic dislocations, unemployment, official corruption, religious persecution, violation of human rights, and a failure to embrace the development of local governance and democratic choice. Serious social disorder would have a direct impact on US economic interests (trade and investment) and contribute to strategic uncertainty in the region.

Other Countries and Regions of Concern. North Korea appears be changing in positive ways. Tensions on the Korean Peninsula eased last year as a result of the inter-Korean summit, the visit to Washington of Kim Jong Il's special envoy, and Secretary of State Albright's visit to Pyongyang. The DPRK's ability to sustain a conflict has decreased as a consequence of its economic decline, but the North still has the capability to inflict huge damage and casualties in the opening phases of a conflict. It has also not taken sufficient steps to prove it has truly distanced itself from terrorism. The political situation appears stable, with Kim Jong Il apparently having found a firmer

footing and beginning to undertake new policy initiatives rather than simply following his father's line.

The DPRK has been unable to reverse a decade-long economic decline. With its agricultural and industrial infrastructure continuing to deteriorate, the country is plagued by severe shortages of food and electricity. Kim Jong Il's recent trip to Shanghai suggests he is considering a managed "Chinese model" opening of the economy. The regime appears to be examining a range of relatively pragmatic solutions to its economic problems; since the New Year, DPRK media have been stressing the need for "new ways of thinking." The North has expanded its diplomatic relations, and Kim Jong Il now seems to relish summit diplomacy. In the wake of last June's inter-Korean summit, Pyongyang has increased political, economic, and cultural contacts with Seoul. Kim Jong Il has said he will visit the ROK sometime this year.

The North's development of long-range ballistic missiles and efforts to sell missile technology to countries in the Middle East and South Asia threaten US friends, troops, and interests. North Korea has recognized that it must address this concern to improve relations with the United States. It has kept its promise not to launch a satellite or long-range missile while US-DPRK missile talks continue. Pyongyang has offered to restrain its long-range missile program in return for other countries launching its satellites; this offer has yet to be translated into an agreement. On the question of missile sales, however, the North has said only that it would be willing to halt sales under the right circumstances, a formulation that awaits clarification.

Despite some moderation in its rhetoric toward the U.S. and the West, Iran still seeks WMD and continues to support terrorism. In its search for indigenous WMD capabilities, Iran relies heavily on outside assistance. Russia alone cooperates with Iran's nuclear program. Deep-seated hostility to the Middle East Peace Process, particularly within conservative circles of the Tehran regime, plays a major role in the government's willingness to support terrorist groups and their attacks against Israel and/or other parties involved in the process. Although we believe Iranian factions and leaders are not unanimous in their support for the use of terror to achieve political ends, so far any disunity has not resulted in a discernible change in Iran's behavior.

How best to deal with the challenges posed by Iran is a continuing source of disagreement with other important countries, including some of our closest allies. Tehran is well aware of these differences and attempts to exploit them to erode the effectiveness of US sanctions.

Current tensions in the Middle East have shifted the paradigm for Iraq. Saddam Hussein has cloaked himself in the Palestinian cause and blurred the differences between support for the Palestinian Intifada and support for Iraqi efforts to escape sanctions. He has exploited Arab frustration over Washington's perceived bias toward Israel to place additional pressure on our allies in the region by painting them as "lackeys" of the US and Zionism. With this strategy, Saddam is reasserting himself as a regional player, undercutting support for UNSC resolutions on Iraq, and strengthening his domestic position.

Iraq continues to reject UNSCR 1284 and to evince little interest in allowing UN inspectors back into the country. Iraq's isolation and support for sanctions are eroding, but Saddam's ability to acquire arms, unrelenting pursuit of WMD and missile programs, and use of economic blandishments continues to be limited by continued UN control over the bulk of Iraqi oil revenues.

South Asia. The volatile South Asian region could become embroiled in serious conflict. Tension over Kashmir is endemic in the Indo-Pakistani relationship and could erupt into a full-blown crisis with minimal warning. Pakistan's close relationship with the Taleban, which trains many who fight in Kashmir, is becoming a destructive partnership in the region. Such a crisis would risk a wider, and ultimately much more destructive, war between India and Pakistan. Desperation or miscalculation by either side could result in the use of nuclear weapons.

Possession of nuclear weapons by these two adversaries will be a part of the landscape for the foreseeable future. Indeed, such weapons will become more entrenched in these countries as they develop military doctrine and command and control procedures for their use. Both India and Pakistan have made clear that they will continue to develop their nuclear weapons and missiles to deliver them. We expect both to conduct more ballistic missile tests, but a key will lie in either's decision to deploy such missiles. Both states have said that they do not need to conduct additional nuclear tests, but another round is possible. If pressures in India prompted another nuclear test, Pakistan has said it will reciprocate. An added concern is the prospect that

Pakistan and/or India might provide technology to other countries seeking nuclear and missile capabilities.

Other regional dangers. Africa's political, economic, and HIV/AIDS crises frequently threaten US efforts to promote democratization, human rights, the rule of law, and economic development. Poverty and instability provide fertile ground for HIV/AIDS, crime, terrorism, and arms trafficking. Appeals for the United States to assist humanitarian relief programs and peacekeeping operations are strong and growing. Unpredictable developments can create unexpected demands on US resources. They can also endanger US citizens.

The civil war in the Democratic Republic of the Congo remains the most destabilizing conflict in Africa. During 2000, implementation of the August 1999 Lusaka Accord stalled. In late 2000, fighting resumed in southeastern and northwestern Congo. More than 500,000 are internally displaced persons and 130,000-150,000 have become refugees in neighboring countries. The January 2001 assassination of President Laurent Kabila and the succession of his son, Joseph, could either open opportunities for peace or spark intensified conflict.

In Burundi, ethnic tensions remain high despite the signing of a peace accord at Arusha last August. The threat to foreigners, including American citizens, has increased. Recent weeks have seen some positive developments, but renewed genocide in Burundi and neighboring Rwanda is possible.

HIV infection rates in sub-Saharan Africa appear on the rise, exceeding 20% of adults in nine countries. While the ultimate consequences of this mounting toll are unknown, they may well adversely affect many U.S. interests and goals in Africa.

The situation in West Africa also is of great concern. The instability fomented by Liberian President Taylor is spilling into Guinea where, late last year, government forces fought off incursions by the Revolutionary United Front (RUF) and Guinean dissidents armed by Liberia. Guinea already hosts some 300,000 refugees. RUF aggression inside Sierra Leone has been constrained by the expansion of the United Nations Mission in Sierra Leone (UNAMSIL) and training provided to the Sierra Leone Army by the United Kingdom. The potential for renewed violence remains high, however.

The unsettled situation in Cote d'Ivoire highlights the challenges of political and economic reform and the threat inherent in corruption and exclusion of regional, tribal, and religious groups from the political process. A further deterioration in Cote d'Ivoire, home to many migrant workers, could have a destabilizing impact on much of West Africa. The governments of Liberia and Burkina Faso have provided support to rebel groups in Sierra Leone and, perhaps, Cote d'Ivoire.

In Angola, the civil war continues. Rebel forces have been weakened, but they retain the capability to conduct prolonged low-intensity conflict. Fighting could continue to involve neighboring Namibia and Zambia.

Sudan remains a haven for terrorists. There has been virtually no progress in negotiating an end to the 17-year-old civil war. Government bombings of civilian targets continue to add to the number of internally displaced persons, now estimated at 4 million, and to the already more than 400,000 refugees.

After renewed fighting in May and June 2000, Ethiopia and Eritrea signed a peace agreement brokered by the Organization of African Unity (with US assistance) in December. The United Nations has interposed peacekeepers and observers (the United Nations Mission to Ethiopia and Eritrea--UNMEE) along the disputed border. Achieving a lasting peace will be difficult, but there is reason for optimism that this conflict might end without renewal of the World War I-like carnage that characterized its most violent phase.

A decade into the democracy and market revolution, the vast majority of Latin Americans have experienced little or no improvement in living conditions. Recent economic troubles have fueled unemployment, crime, and poverty, undermining the commitment of many Latin Americans to free-market economic liberalization. Latin Americans are committed in principle to democracy, but many question the efficiency of democracy in their own countries because progress in alleviating wide social inequities and curbing corruption has been very slow. These concerns have raised fears among some observers that disillusioned Latin Americans will turn to authoritarian governments to improve their economic situations and reduce crime. It could happen, but it is neither inevitable nor likely.

That said, Latin American democracies have proved resilient in the face of economic crises, and all

ideological alternatives to democratic government remain discredited. Fragile democratic institutions in countries such as Ecuador and Paraguay remain under great pressure to respond to legitimate mass needs, but few consider military rule a feasible alternative. Latin American militaries know that overt intervention risks international opprobrium and sanctions. They will, therefore, favor solutions that maintain at least a semblance of constitutional legitimacy. To date, popular support has sustained President Chavez's political revolution in Venezuela, but the swift, dramatic fall of former Peruvian President Fujimori indicates that there are limits to the appeal of populist authoritarians. The OAS-managed hemispheric reaction to suspect elections in Peru in mid-2000 underscored the strength of the prevailing pro-democracy consensus.

In none of the other major countries of Latin America--Argentina, Brazil, Chile, Colombia, and Mexico--is democracy threatened in the short or medium term. Indeed, the election of Vicente Fox to the Mexican presidency, ending peacefully the long reign of the Institutional Revolutionary Party, is a major step forward for democracy in Mexico and throughout the hemisphere.

In Cuba, an aging Fidel Castro refuses to make concessions toward a more open political system, and Cuba's overall human rights record remains the worst in the hemisphere. There is little sign of significant economic reform, and the departure of refugees seeking relief from repressive conditions continues. With no real provision for succession--beyond more of the same, with Raul Castro at the helm--the departure of Fidel could usher in a period of greater instability under a less charismatic leader, possibly leading to further mass migration and internal violence.

The fragility of peace and stability in southeastern Europe remains the paramount "threat" on that continent. The fall of Milosevic removed the principal threat to stability in the region, but removing a major obstacle is only the first step toward building a durable peace. President Kostunica has pledged to seek a negotiated solution to Serbia's conflicts with both Montenegro and Kosovo. Serbia and Montenegro still have important but unresolved differences about their rights and relationship under the federal constitution. Any Montenegrin move for independence would exacerbate tensions, but both sides appear to desire a non-violent solution.

In Belgrade, the Kostunica government has proclaimed its desire to negotiate differences with ethnic Albanians in Kosovo and southern Serbia, but the growing frustration of Albanians in the Presevo Valley makes this a potential flashpoint for a new military confrontation. US troops in KFOR could be put at greater risk. The incomplete inclusion of Albanians in the political and economic life of the FYROM (Macedonia) is a longer-term threat to regional stability.

West European leaders remain concerned about the "threat" to existing arms control regimes and deterrence strategies which they fear could result from US deployment of a National Missile Defense. Europeans are asserting foreign policy positions in the Middle East and Asia which at times diverge from those of the US. Most European leaders are increasingly uncomfortable with the continuation of UN Security Council sanctions against Iraq. Most EU members are interested in developing a European Security and Defense Policy independent of, but not in competition with, NATO, which remains their most fundamental transatlantic tie.

Continuing unrest in parts of Indonesia and challenges to the democratic process in that country are another source of concern. The potential for increased friction will increase as the central government attempts to devolve more authority to local and regional bodies. Violence in Aceh, Irian Jaya, and the islands of Eastern Indonesia has generated thousands of displaced persons and loss of life and property. Increased lawlessness threatens American citizens, as it does the people of Indonesia, and undermines the willingness of foreign investors to reengage.

Economic Threats. Slowing growth in the US and continuing signs of weakness in Japan's recovery suggest a less favorable climate for growth in 2001. Forecasts for world economic output in 2001 have been revised downward from earlier projections of around 4 percent to approximately 3 percent, and may fall even lower.

EU growth is expected to be approximately 3 percent this year, slightly lower than last year's but still the highest two-year performance in more than a decade. A hard landing in the US, a significant rebound in oil prices, and substantial further appreciation of the euro against the dollar and yen could threaten both individual economies and the health of global marketplaces.

The impressive rebound from the economic turmoil of 1997-98 notwithstanding, the emerging Asian economies remain

vulnerable to new disruptions. Southeast Asia's fragile export-led recovery would be hurt by a slowdown in the US and other key export markets, higher oil prices, increasing competition from China, and, for some countries, increasing political uncertainty. Countries in the region must look increasingly to domestic demand to maintain growth. Indonesia, Thailand, and the Philippines, which registered 4-5% growth in 2000, will be unable to sustain that rate this year.

Indonesia and Thailand are most vulnerable to external shocks because they have been slow to implement painful corporate debt rescheduling critical to reviving corporate loans and domestic demand. The recovery of confidence in the currencies and financial markets of Southeast Asia and South Korea remains fragile. Their banking systems still require significant restructuring. Overall, a more cautious and sophisticated approach of foreign investors, an increase in transparency of financial information, and the region's dramatic reduction in reliance on short-term debt have decreased Asia's susceptibility to a financial panic triggered by the economic problems of one country.

China's export growth this year is expected to slip significantly from last year's blistering pace as demand softens in major markets, especially the United States. We anticipate that Beijing's efforts to stimulate increases in domestic investment and consumption will remain ineffective. Problems with unemployment, underemployment, and sagging household incomes in rural areas are likely to worsen. Accession to the WTO would overlay and obscure a difficult domestic economic situation with an image of excited foreign interest and news of plans for significant increases in direct foreign investment, but WTO membership would not likely buoy growth prospects in the near term.

Latin America should achieve 3.7 percent overall 2001 growth. An economic slowdown in the US will affect Mexico the most but could adversely affect other capital dependent countries if credit flows dry up. Argentina remains the most vulnerable to potential default, despite a $30 billion international rescue package. Brazil and Chile have made difficult policy adjustments that leave them better positioned to weather external developments. Latin American governments generally remain publicly committed to fiscal austerity, trade liberalization, and low inflation, but income inequality and the failure to dent high poverty levels could decrease stability in countries where growth lags.

Economic espionage against the United States is a backhanded tribute to our economic prowess. In particular industries and for particular companies, especially in vital high-tech sectors, economic espionage can threaten profits and fruits of innovation.

Narcotics. The expanding reach of international drug trafficking organizations poses an indirect but insidious threat to the United States. Illicit drugs contribute to crime and social problems in every corner of our country. Abroad, criminal drug gangs suborn officials at all levels, threaten the rule of law, and distort economies. These malevolent influences undercut democracy, stifle development, and reduce the benefits of legitimate investment and commerce.

Despite anti-narcotics successes, notably in Bolivia and Peru, illicit drugs from Latin America still constitute the primary drug threat to the United States. Colombia remains the focus of the cocaine and heroin supply threat from the region. Drugs help fund insurgent groups warring against the Colombian government as well as right-wing para-militaries guilty of human rights violations. US support for Plan Colombia promises to reduce the production and export of drugs to the United States, but it could, and probably will, further increase the already serious threat to Americans in that violence-wracked country.

Colombia and Mexico have the largest share of the US heroin market, but opium poppy cultivation in Asia is increasing, particularly in Burma and Afghanistan. In Afghanistan, production of opium and heroin is a major source of revenue for the ruling Taleban and a political instrument endorsed by bin Ladin to "corrupt" the West. Whether the Taleban will enforce an opium ban declared in 2000 remains to be seen.

Crime. The activities of international criminals threaten Americans, our businesses, and our financial institutions at home and abroad. Organized crime has capitalized on economic liberalization and technological advances to penetrate the world's financial, banking, and payment systems. It has become increasingly sophisticated in high-tech computer crime, complex financial fraud, and theft of intellectual property. The cost to US citizens, businesses, and government programs is in the billions of dollars annually.

International criminal gangs trade in materials for WMD, sensitive American technology, and banned or dangerous

substances. They also traffic in women and children, and in illegal visas and immigration. Organized crime groups exploit systemic weaknesses in fledgling democracies and economies in transition from Central Europe to Southeast Asia.

Nontraditional Threats. Illegal migration and alien smuggling continue to threaten American interests and institutions. The US faces its most direct immigration pressures from Mexico, Central America, and the Caribbean. Economic privation and both manmade and natural disasters in the countries of this region, including Colombia and Venezuela, pose the most direct threat to US efforts at immigration control. They also threaten to increase political friction between the US and the sending countries. Cuba and perhaps other governments will be tempted to use the threat of mass migration as leverage in bilateral relations or to relieve domestic pressures.

Environmental threats range from toxic spills to global climate change. Environmental contamination can cause severe local problems, as we have seen most recently in the Galapagos Islands and in coastal regions of southern Europe. Global warming would result in broader and unpredictable weather fluctuations, altered agricultural production, and rising sea levels. Each of these regional problems would affect national economic production, food exports and imports, and even international relations. Increasingly resilient bacteria and viruses, which can take advantage of global transport linkages, poor sanitation, and urban congestion can spread quickly across continents. Nowhere is more than a few hours by air from the United States.

Populations in poor regions continue to grow, even as birthrates decline. This demographic lag ensures that in many poor countries over the next few decades a growing cohort of young people will be stymied by the lack of economic opportunities, inadequate health care and schools, and crowded living conditions. They may be inclined to act violently against their governments or be swayed by extremists touting anti-Western nostrums. The safety of both overseas and domestic Americans could be harmed by growing populations with dim prospects directing anger at those perceived to have too much.

* * *

Thanks to our military preparedness, preventive diplomacy, and manifold intelligence capabilities, we enjoy the benefits of early warning and the power to mitigate, if

not prevent, the realization of many conventional threats. However, those threats inherent in the proliferation of weapons of mass destruction (WMD) and delivery systems, and emanating from terrorists, ethno-cultural conflicts within and among states, from traffickers in narcotics and human beings, international organized crime syndicates, environmental degradation and natural disasters, and pandemics are numerous and dispersed. Many will remain outside our ability to forecast or forestall.

Mr. Chairman, members of the Committee: The world remains enormously complex, much of it beyond the reach of American or Western democratic antidotes or treatments. Intelligence will not provide answers to or prior warning of all threats. The most prevalent and immediate threats are located beyond our borders, with the potential to harm our citizens working or traveling abroad, our diplomats and men and women in uniform serving overseas, and our economic partners and military allies. Early warning, informed analysis, preventive engagement, and prudent application of power are key to success in dealing with the wide array of threats we face.

Global Threats and Challenges

Vice Admiral Thomas R. Wilson
Director, Defense Intelligence Agency

Statement for the Record
Senate Select Committee on Intelligence
6 February 2002

The written testimony I provided this and other Congressional committees last February had three sections. The first highlighted key trends shaping the ***emerging global security environment*** and concluded that the general turmoil and uncertainty prevalent since the end of the Cold War would continue through the next decade, because the basic conditions driving change remained largely in place. The second section listed those potential ***near-term scenarios*** that worried me most. Some of these – a major terrorist attack against the US, worsening conditions in the Middle East, conflict between India and Pakistan – were unfortunately, all too accurate. Others – dramatic changes on the Korean peninsula, worsening relations with Russia, and conflict between China and Taiwan – we continue to monitor. The final section, ***longer-term concerns,*** focused on challenges resulting from the extent and pace of our global military engagement, the asymmetric threat, and the threat posed by the strategic and regional military forces of potential adversaries.

On balance, I stand by last year's testimony, and believe it still captures the broad range of security issues most likely to confront the United States over the next decade or so. That said, the catastrophic events of 11 September (and their aftermath) brought a new dynamic to the global situation. While the longer-term implications – for us, our adversaries, and the rest of the world – are still to be determined, we can make some preliminary observations.

The Post-September 11 Security Environment: What's Changed?

A New Notion of 'Strategic' Threat

September 11 brought home the sharp reality of what previously had been more a theoretical concept – the asymmetric threat to our homeland. A strategic attack was carried out against US territory, not by the military forces of a rival state, but by a shadowy, global network of extremists, who struck unprotected targets, using methods we did not anticipate. The attackers turned two of our strengths – a free, tolerant, and open society, and the world's best air transportation system – into deadly vulnerabilities. Their attack had deep human, economic, and

psychological impacts. The terrorists were not deterred by our overwhelming military superiority, in fact, for that day at least, they made it irrelevant. Traditional concepts of security, threat, deterrence, warning and military superiority don't completely apply against this new strategic adversary.

Perceptions of the US

Perhaps the most critical dynamic in the wake of the terrorist attacks is how the rest of the world now perceives the US. On one hand, September 11 exposed US vulnerabilities and demonstrated the strategic potential of a well-executed asymmetric attack, facts that are extremely appealing to our foes. But rather than demoralizing the US, the attack generated intense patriotism and resolve at home, sympathy and support from peoples and states around the globe, and a greater willingness among the major powers to accept or accede to US leadership (at least temporarily). And the speed and efficiency with which we have projected power to an austere theater, deposed the Taliban, and continue to attack Al Qaida, are leaving a lasting impression. Over the longer-term, the outcome of the war on terrorism will be decisive in determining international perceptions of the US. Success will strengthen our role and leverage, and accentuate positive trends. Failure would invite a host of challenges.

A New Struggle

The 'Post Cold War' period ended on 11 September. The next decade or so may well be defined by 'the struggle over globalization.' Values and concepts long-championed by the United States and the West – political and economic openness, democracy and individual rights, market economics, international trade, scientific rationalism, and the rule of law – are being carried forward on the tide of globalization – money, people, information, technology, ideas, goods and services moving around the globe at higher speeds and with fewer restrictions. Our adversaries increasingly understand this link. They equate globalization to Americanization and see the US as the principal architect and primary beneficiary of an emerging order that undermines their values, interests, beliefs,

and culture. They blame the US for 'what's wrong' in the world, and seek allies among states, groups, and individuals who worry about US hegemony and are unhappy with the present or perceived future. They are adept at using globalization against us – exploiting the freer flow of money, people, and technology ... attacking the vulnerabilities presented by political and economic openness ... and using globalization's 'downsides' (demographic and economic imbalances, large numbers of unemployed youth, western cultural penetration, declining living standards, corrupt and ineffective governments, decaying infrastructures, etc.) to foster an extremist message, and attract recruits and support from among 'globalization's losers.'

The 11 September terrorist attacks were the first strategic strikes in a war against the US vision of the future world order. They targeted our homeland, but also struck a blow against global openness, the global transportation network, and the global economy. These extremists and their allies understand that their desired world cannot coexist with our brand of civilization. Encouraging, furthering and consolidating the positive aspects of globalization, while reducing and managing its downsides, and defeating its enemies, may well be the civilized world's 'measure of merit' for the next decade.

Increased Uncertainty ... and Unpredictability

Last year, I highlighted several trends – globalization ... disaffected states, groups, and individuals ... demographic changes ... rapid technology development and proliferation ... ethnic conflict ... resource shortages ... humanitarian emergencies ... and the uncertain future of Russia, China, and other key states and regions – as the factors most likely to define the emerging security environment. Recognizing the 'staying power' of these trends, and their combined impact on global stability, I concluded that the next decade would be at least as turbulent and uncertain as the 1990s. Since September 11, my 'expectation of turmoil and uncertainty' has heightened significantly:

- ***The global economy*** looks worse than it did last year, when most analysts were forecasting a near-term return to the high-growth experience of the late 1960s and early 1970s. Many now fear a global recession, which will take a heavy toll, especially on countries like Argentina, Brazil and Turkey.
- ***The number of people in need*** will likely increase significantly over last year's outlook, a function of the global economic slowdown, increasing emigration pressures in low income countries, and continuing humanitarian pressures in Afghanistan, Burundi, North Korea, Sudan, and Tajikistan.
- ***Global defense issues*** are murkier. Last year, we were anticipating a gradual increase in global defense spending, believing that many states would seek to recapitalize defense sectors neglected during the 1990s. A global recession will undermine that. Spending constraints will also impact global arms markets, defense industrial cooperation and consolidation, and the pace of global military technology development. Meanwhile, many states will reassess their military and security needs, questioning the role of traditional military forces in deterring and defeating terrorism and other asymmetric threats.
- ***The Muslim world*** is under increased pressure and may be at a strategic crossroads, as populations and leaders sort through competing visions of what it means to be a Muslim state. Longstanding issues – resentment toward the US and the West, unfavorable demographic and economic conditions, efforts to strike a balance between modernization and respect for traditional values – are exacerbated by the global war on terrorism. These pressures will be most acute in moderate Arab states and Indonesia.
- ***Geostrategic relationships*** are also more in flux since September. The war on terrorism is affecting the global perspective of all major powers, and relations between and among the US, Russia, China, India, and Pakistan are especially dynamic. New opportunities and challenges

abound. By the same token, longstanding regional problems – especially Kashmir and the Israeli-Palestinian dispute – have taken on increased global importance.

Near-Term Concerns

The list of near-term (12 months) things that worry me most has changed somewhat since 11 September. In terms of 'good news,' I am more optimistic now about the potential for lasting improvement in our relations with Russia. Putin's decision to side with the US in fighting terrorism could be historic, although I recognize that obstacles remain. I am also less concerned about the prospects for a major confrontation between China and Taiwan. Beijing faces significant domestic changes in the coming year – the 16th Party Congress will take place this fall, and China will undertake a number of actions in line with WTO membership – and will want to use its cooperation on the war on terrorism as a means to ease tensions and maintain stability on the foreign policy front. Now for the bad news:

- ***A major terrorist*** attack against US interests here or abroad, designed to produce mass casualties and/or severe infrastructure and economic damage, remains my most pressing concern (I will discuss the issue in more detail on page 13). *Operation Enduring Freedom* has done significant damage to Usama Bin Ladin's Al Qaida network, but it has not eliminated the threat. And Al Qaida is not the only organization with the capability and desire to do us harm.
- ***Escalating violence in the Middle East*** is also still high on my list. The Palestinian-Israeli conflict is intensifying and both sides increasingly operate from a zero-sum perspective. The pressure on moderate Arab governments is high. The situation could escalate rapidly, risking instability within these states and/or a wider regional war.
- ***Major war between India and Pakistan.*** Tensions remain high, and another high-profile terrorist attack inside India or a major border incident between deployed forces could trigger a general war, possibly risking a nuclear

exchange. Neither side has a complete appreciation of the other's red lines. The potential for miscalculation is frightening.

- ***Internal Challenges to Pakistan's government.*** President Musharraf has made dramatic changes in Pakistan, but he faces opposition, perhaps violent, from extremists. Pakistan's future course has a direct impact on US counterterrorism and counter-proliferation policies.
- ***Widespread violence against US citizens and interests*** in Colombia, the Philippines, or Indonesia. Political, economic, and social conditions and developments in all these areas could result in an increased physical threat to US citizens and facilities.

A New Threat Paradigm

During the Cold War, and in the period since the collapse of the Soviet Union, our threat paradigm focused primarily on other states, and especially the military 'force-on-force' capabilities of known enemies. Even transnational issues – terrorism, crime, proliferation, the drug trade – were seen mostly from a state perspective, either in terms of state-sponsorship, or with the understanding that troubled states allowed or fostered these activities. This view oriented our national security response toward activities designed to influence the behavior of other nations – deterrence, demarches, economic sanctions, military assistance, etc. It put a very high premium on military power as the ultimate guarantor of our security.

In today's world, this state-oriented threat model is necessary, but not sufficient. It no longer covers the entire threat spectrum, and those areas it leaves out can not be dismissed as 'lesser included cases.' Globalization is creating new conditions that minimize the importance of national boundaries. Small cells operating within a state, or larger networks that transcend international borders, can do us great harm. Non-state adversaries are not likely to be deterred by our overwhelming military superiority, and will often present challenges that do not lend themselves to a predominantly military solution.

In the wake of September 11, I have accelerated consideration of a new paradigm for assessing the full range of security challenges we face now and in the future. That framework rests on several basic ideas: the expectation of continuing global turmoil (outlined above) ... thoughts about how others are reacting to the perception of US dominance ... the notion of dangerous conditions created by the convergence of numerous negative global trends ... the strategic importance of the asymmetric threat ... and one element that hasn't changed since 11 September – the traditional military threat posed by the strategic and regional forces of other nations. Collectively, these factors create an extremely dynamic, complex, and problematic global environment. Our security depends on the integrated application of all elements of national power against the full range of security challenges.

Identifying the Players (How Others React to Our Global Capabilities and Status)

Much of the world increasingly worries that the key trends driving global change – especially globalization – are inherently pro-US and will result in the expansion, consolidation and dominance of American ideas, institutions, culture, and power. This causes varying degrees of apprehension, and the way that states, groups, and individuals react to that feeling will in many ways frame our strategic agenda. I see four general categories of reaction:

- ***Friendly competitors.*** Our friends and allies are as vital to our security as we are to theirs. They share our values and vision of the future, prosper from globalization, and are the least apprehensive about US power. They desire and benefit from US leadership, even as they chafe at some aspects of it. They will compete with us economically, and will be at odds on select security issues, but are with us on the big strategic challenges. While our differences are not trivial, they generally fall into the policy realm – interoperability, burden sharing, arguments over specific regional perspectives, UN Security Council votes, defense industrial cooperation, coalition dynamics, etc. Our

challenge is to maintain productive relationships that secure our shared interests.

- ***People on the Bubble.*** Much of the world – including most larger regional powers – only partially shares our vision. They want to secure what benefits they can from globalization without being overwhelmed by it. They typically are not yet willing or able to embrace it fully, fearing the domestic consequences, and wary of US 'hegemony.' Those 'on the bubble' generally want to back a winner, and will frequently be with us on the 'easy' issues. But they will also pursue policies that work against our interests (proliferation, for instance), oppose us on a wider range of security questions, and will frequently maintain troubling foreign relationships and significant military forces as a hedge against US-Western dominance. They will generally present 'carrot and stick' kinds of problems for US security ... they must be deterred and dissuaded from military 'adventurism,' while being encouraged and rewarded for actions that bring them closer to the community of responsible nations.
- ***Rogues, Renegades, and Outlaws.*** These states, groups, and individuals fear US power and absolutely reject our vision. They blame us for the 'world's problems' and will routinely engage in violence, using primarily asymmetric means to target our policies, facilities, interests, and citizens. They respect, but are not necessarily deterred by our military strength. They will not fight by our rules. Our vision cannot coexist with theirs.
- ***The 'have nots.'*** These are 'globalization's losers' ... too poor, uneducated, badly governed or otherwise disadvantaged to reap the benefits of political and economic openness. They generally face deepening economic stagnation, political instability, and cultural alienation. On the surface, this group is relatively powerless, and presents more humanitarian than security challenges. But the conditions they live in are fertile ground for political, ethnic, ideological, and religious extremism, and their frustration is increasingly directed at the United States and the West. In the globalized world we ignore them at our own peril.

Dangerous Conditions... Accentuating the Negatives

Many global trends are generally positive, and a decade from now most of the world's people will be better off. But almost every positive trend also has a downside. I am very concerned about dangerous conditions arising from the convergence of various negative global trends (highlighted below). Collectively, these create a potentially explosive mix of political, economic, social, technological and military circumstances. Our adversaries – especially rogues, renegades, and outlaws – will seek to exploit these to further their interests and undermine ours. These dangerous conditions underscore the interconnected, multidimensional nature of the security challenges we are most likely to encounter. They reinforce the notion that 'all politics is global,' and that almost everything that happens in the world can impact our security.

- ***Demographic and economic imbalances.*** The world will add close to a billion people in the next decade, with 95% of the increase coming in poorer developing countries, mostly in urban areas. Rapid population increases, growing unemployment, youth bulges, stagnant or falling living standards, poor government, and decaying infrastructures create an environment (and a manpower pool) conducive to extremist messages. The extensive spread of these conditions throughout Middle Eastern countries makes them particularly susceptible.
- ***Acute resource shortages*** in the Middle East, Sub-Sahara Africa, and parts of Asia are a source of resentment, alienation, and frustration. They may not cause wars by themselves, but they will exacerbate tensions, and could serve as the trigger for violent conflict (the straw that breaks the camel's back). On a grander scale, the West's relatively high rate of consuming resources, despite its' declining percentage of global population, is a continuing source of irritation for many in the developing world.
- ***Rapid technology development and proliferation.*** The rapid pace of technology development is creating more, and more exposed, technological vulnerabilities in advanced states. Meanwhile, the globalization of technology

and information – especially regarding weapons of mass destruction (WMD) and advanced conventional weapons – will increasingly accord smaller states, groups, and individuals access to destructive capabilities previously limited to major world powers. Massive destructive technologies in the hands of 'evil doers' is my worst fear.

- ***Poor Governance.*** Corrupt and ineffective governments will fail to meet political, economic, and social challenges. Their actions will marginalize large numbers of people ... foster economic stagnation, instability and cultural alienation ... spawn conflicts ... create/allow lawless safe-havens ... and increase the power of dangerous non-state entities.

The Asymmetric Threat

Make no mistake, we are the target. Our adversaries believe they must derail the emerging world order or be overcome by it. They also understand the singular importance of the United States in shaping that order and know that they cannot prevail if the US remains actively engaged and influential around the globe. Finally, they recognize that they cannot match our tremendous political, economic, military, and cultural power on our terms. These perceptions are the driving elements behind the asymmetric threat.

Asymmetric approaches involve acting in unexpected ways, to present your enemy with capabilities and situations he is unable or unwilling to respond to before you are able to achieve decisive results. While asymmetric concepts are as old as warfare itself, they are important today because they are virtually the only means our enemies have for coping with US power. Asymmetry works at the strategic, operational, and tactical levels.

At the strategic level, asymmetric approaches will be designed to fundamentally change the United States, the way we behave in the world, and the way others see us. Strategic goals could include: undermining our political, economic, and social infrastructures ... destroying our general optimism ... thwarting US global

leadership ...eliminating our will and/or our capacity to remain globally engaged ... curtailing the global appeal of our ideas, institutions, and culture ... and denying US leaders the military option. The 11 September attacks had elements of most of these themes. They brought 'the war' to the American people, demonstrated US vulnerability, and 'gave heart' to anti-US elements around the globe. The strategic intent was to deliver a blow that would force the US to either alter its Middle East policies, or goad America into a 'disproportionate response' that would trigger an apocalyptic confrontation between Islam and the West. Other secondary impacts, on the political and economic openness of the US and other states, and more directly on the US and global economies, were probably more 'unintended consequences' than design. Still, their impact (and the implications for future attacks) is significant.

In this context, it is important to think about what our adversaries might have learned from 11 September, and our subsequent actions. Some may conclude that those attacks were ultimately counterproductive, because they were the 'wake-up call' that energized the US and its partners to take decisive action against the global terrorist threat. This is likely to be especially true for states, because they are vulnerable to a strategic response from the US. From this perspective, we might expect future attacks to be more limited, to avoid crossing the threshold that generates an overwhelming US reaction. But others, especially terrorist groups intent on inflicting the greatest damage possible, will undoubtedly be dazzled by the 'strategic potential' of 11 September, and conclude that the only thing wrong with those attacks was that they did not go far enough. For them, 11 September showed the way, and the 'art of the possible' became almost infinite. If this proves true, our definition of success might eventually be that we prevented an asymmetric attack from having a decisive strategic impact.

At the tactical and operational levels, our enemies (both state and non-state) will try to use asymmetry to 'level the playing field' against the US military, so that we

are unable to fight the way we want to fight. While specific adversaries, objectives, targets, and means of attack will vary widely from situation to situation, I continue to expect that most military asymmetric approaches will fit generally into the five broad, overlapping categories I outlined in last year's testimony:

- ***Counter will*** ... designed to make us 'not come, or go home early' ... by severing the 'continuity of will' between the US national leadership, the military, the people, our allied and coalition partners, and world public opinion.
- ***Counter access*** ... designed to deny US (allied) forces easy access to key theaters, ports, bases, facilities, air, land, and sea approaches, etc.
- ***Counter precision engagement*** ... designed to defeat or degrade US precision intelligence and attack capabilities.
- ***Counter protection*** ... designed to increase US (allied) casualties and, in some cases, directly threaten the US homeland.
- ***Counter information*** ... designed to prevent us from attaining information and decision superiority.

Beyond these broader generalizations, I have highlighted below the kinds of asymmetric threats we are most likely to encounter during the next 10 to 15 years.

Terrorism. As was vividly displayed on 11 September, terrorism remains the most significant asymmetric threat to US interests at home and abroad. I am most concerned about Islamic extremist organizations, in the Middle East, and throughout the world. Other groups with varying causes – nationalistic, leftist, ethnic or religious – will continue to pose a lesser threat.

Operation Enduring Freedom has significantly damaged the Al Qaida network, destroying its' geographic center of gravity, causing the death or arrest of several key leaders, and putting others on the run. The group has suffered a loss of prestige, institutional memory, contacts, and financial assets that will ultimately

degrade its effectiveness. Even if Usama Bin Ladin survives, his ability to execute centralized control over a worldwide network has been diminished.

That said, the Al Qaida network has not been eliminated, and it retains the potential for reconstitution. Many key officials and operatives remain and new personalities have already begun to emerge. Some operations that were already planned could be easily completed. The organization could also splinter into a number of loosely affiliated groups, united by a common cause and sharing common operatives. Their capability to conduct simultaneous or particularly complex attacks would likely be degraded, but they would continue to be a lethal threat to our interests worldwide, including within the US.

If Bin Ladin is killed or captured, there is no identified successor capable of rallying so many divergent nationalities, interests, and groups to create the kind of cohesion he fostered amongst Sunni Islamic extremists around the world. Bin Ladin is synonymous with Al Qaida, and the media attention he has garnered, along with his charisma and other attributes, have made him an inspirational rallying-point for like-minded extremists. With Bin Ladin's removal, the network most likely will eventually fragment under various lieutenants pursuing differing agendas with differing priorities.

In general, terrorists will likely favor proven conventional weapons over chemical, biological, radiological, or nuclear (CBRN) materials, at least through the near term. However, several groups, especially Al Qaida, have pursued CBRN capabilities, and the threat from terrorist use of these materials will continue. Many of the technologies associated with the development of CBRN weapons – especially chemical and biological agents – have legitimate civil applications and are classified as dual-use. The increased availability of these technologies, coupled with the relative ease of producing some chemical or biological agents, make them attractive to terrorist groups intent on causing panic or inflicting larger numbers of casualties. The psychological impact of the recent anthrax cases in

the US did not go unnoticed. Some terrorist groups have demonstrated the willingness to inflict greater numbers of indiscriminate casualties and would take any measure to achieve these goals.

Since 11 September, the US has employed extraordinary security measures at home and at abroad. We are also enjoying unprecedented cooperation on terrorism intelligence and security issues from governments across the globe. These conditions have resulted in a particularly difficult operating environment for terrorists. However, as history shows, terrorists work on their own timeline and are patient. They are content to wait for the right opportunity – even if it takes years – to increase their chances of success.

Many terrorist groups consider themselves to be engaged in a war. They are willing to take risks, accept losses, and carry on. Terrorists make every effort to mask their operational infrastructure and activities until the moment they are used in an attack. This creates tremendous intelligence challenges. Counterterrorism must be viewed as a continuous campaign pitting intelligence and law enforcement services against intelligent, self-styled warriors. We need a fully coordinated community effort, with open sharing of critical intelligence, security, and law enforcement information among the various players. We must continue to be vigilant, and never assume that we have 'won the war.' We will be most vulnerable when the threat 'appears' to have diminished, security measures are relaxed, and we return to 'normal.'

Threats to Critical Infrastructures. Many adversaries are developing capabilities to threaten the US homeland. In addition to more traditional strategic military threats (discussed in the next section), our national infrastructures and our economy are vulnerable to disruptions by other forms of physical and cyber attack. I am especially concerned about attacks against one or more, relatively unprotected, key nodes in our economic infrastructure – banking and finance, telecommunications, energy, power, agriculture, the industrial base, etc. The

interdependent nature of these and other portions of our domestic infrastructure, and the connectivity between our infrastructure and the global economic system, create even more of a vulnerability. Foreign states have the greatest attack potential (in terms of resources and capabilities), but the most immediate and serious threat today is from insiders, terrorists, criminals, and other small groups or individuals carrying out well-coordinated strikes against selected critical nodes.

Information Operations. Potential adversaries recognize that our political and economic livelihood increasingly depends on advanced information technologies and systems. They also understand that information superiority provides the US with unique military advantages. Many also assess that public opinion plays a key role in our society. Accordingly, numerous potential foes are pursuing information operations capabilities as a relatively inexpensive means to undermine domestic and international support for US actions, to attack US national infrastructures, or to challenge our information superiority. The threat from information operations will expand significantly during the next decade or so.

Information operations can employ a range of capabilities, including electronic warfare, psychological operations, physical attack, denial and deception, computer network attack, and the use of more exotic technologies such as directed energy weapons or electromagnetic pulse weapons.

- ***Computer network operations,*** for instance, offer new options for attacking the United States, potentially anonymously and with selective (including non-lethal) effects. Although our classified networks are relatively secure from these kinds of attacks, most of our unclassified networks – including some that host sensitive information – are not. Software tools for network attack, intrusion, and disruption are globally available over the Internet, providing almost any interested US adversary a basic computer network exploitation or attack capability. The opportunity for terrorists to take advantage of attack

tools is escalating very rapidly. Further, some hacker groups that actively support terrorists could conduct attacks on their behalf.

WMD and Missiles. Potential adversaries may attempt to influence the US and its allies, preclude US force options, and offset US conventional military superiority by developing WMD and missiles. The desire to acquire these capabilities is great and, unfortunately, globalization creates an environment more amenable to proliferation activities. Some 25 countries now possess or are actively pursuing WMD or missiles. Meanwhile, a variety of non-state actors, including Al Qaida, have an increasing interest. New alliances have formed, providing pooled resources for developing these capabilities, while technological advances and global economic conditions have made it easier to transfer materiel and expertise. Most of the technology is readily available, and most raw materials are common. The basic production sciences are generally understood, although the engineering and the component integration necessary for ballistic missile production are not so easily achieved. All told, the global WMD and missile threat to US and allied territory, interests, forces, and facilities will increase.

- ***Russia, China, and North Korea*** remain the suppliers of primary concern. Russia has exported ballistic missile and nuclear technology to Iran. China has provided missile and other assistance to Iran and Pakistan. North Korea remains a key source for ballistic missiles and related components and materials.
- The potential development/acquisition of ***intercontinental missiles*** by several potentially hostile states – especially North Korea, Iran, and Iraq – would increase the strategic threat to the United States. Meanwhile, the proliferation of longer-range theater (up to 3,000 km) ballistic and cruise missiles and technologies is a growing challenge. The numbers of these systems will continue to increase during the next 10 years. So too will their accuracy and destructive impact.

- ***Iran*** has established solid and liquid propellant capabilities and already is beginning to proliferate missile production technologies to Syria. Iranian proliferation of complete missile systems may occur in the future.
- ***Several states of concern – particularly Iran and Iraq – could acquire nuclear weapons*** during the next decade or so, and some existing nuclear states – India and Pakistan, for instance – will undoubtedly increase their inventories.
- ***Chemical and biological weapons*** are generally easier to develop, hide, and deploy than nuclear weapons and will be more readily available to those with the will and resources to attain them. More than two dozen states or non-state groups either have, or have an interest in acquiring, chemical weapons, and there are a dozen countries believed to have biological warfare programs. I expect the proliferation of chemical and biological weapons to continue and these weapons could well be used in a regional conflict or terrorist attack over the next decade.
- ***Volumetric weapons (VW)*** are not typically considered WMD (a fact that might make them more appealing to our adversaries), but their destructive potential is sobering. Unlike traditional military weapons, which rely on high explosive technologies, VW depend primarily on air blast or overpressure to damage or destroy their targets. They actually form clouds, or volumes, of fuel rich materials that detonate relatively slowly. The result is a much larger area of high pressure that causes more damage to personnel (even dug in) and structures. VW technology has been around for some time, and is becoming more widely known, with several countries openly advertising it for sale. We should anticipate facing VW in either a terrorist or combat environment during the next 10 years.

The Foreign Intelligence Threat. We continue to face extensive intelligence threats from a large number of foreign nations and sub-national entities including terrorists, international criminal organizations, foreign commercial enterprises, and other disgruntled groups and individuals. These intelligence efforts are

generally targeted against our national security policy-making apparatus, national political, economic, and military infrastructures, military plans, personnel, and capabilities, our overseas facilities, and our critical technologies. While foreign states present the biggest intelligence threat, all our enemies are likely to exploit technological advances to expand their collection activities. Moreover, as the events of 11 September so tragically demonstrated, the open nature of our society, and the increasing ease with which money, technology, information, and people move around the globe in the modern era, make effective counterintelligence and security that much more complex and difficult to achieve.

Denial and Deception (D&D). Many potential adversaries are undertaking more and increasingly sophisticated D&D operations against the United States. These efforts generally are designed to hide key plans, activities, facilities, and capabilities from US intelligence, to manipulate US perceptions and assessments, and to protect key capabilities from US precision strike platforms. Foreign knowledge of US intelligence and military operations capabilities is essential to effective D&D. Advances in satellite warning capabilities, the growing availability of camouflage, concealment, deception, and obscurant materials, advanced technology for and experience with building underground facilities, and the growing use of fiber optics and encryption, will increase the D&D challenge.

Counter-Space Capabilities. The US reliance on (and advantages in) the use of space platforms is well known by our enemies. Many are attempting to reduce this advantage by developing capabilities to threaten US space assets, in particular through denial and deception, signal jamming, and ground segment attack. A number of countries are interested in or experimenting with a variety of technologies that could be used to develop counter-space capabilities. These efforts could result in improved systems for space object tracking, electronic warfare or jamming, and directed energy weapons. Some countries have across-the-board programs underway, and other states and non-state entities are

pursuing more limited – though potentially effective – approaches. By 2010, future adversaries will be able to employ a wider variety of means to disrupt, degrade, or defeat portions of the US space support system.

Criminal Challenges. International criminal activity of all kinds will continue to plague US interests. I am very concerned about the growing sophistication of criminal groups and individuals and their increasing potential to exploit certain aspects of globalization for their own gain. The potential for such groups to usurp power, or undermine social and economic stability, especially in states with weak governments, is likely to increase.

- ***International drug cultivation, production, transport, and use*** will remain a major problem. The connection between drug cartels, corruption, terrorism, and outright insurgency will likely increase as drug money provides an important funding source for all types of criminal and anti-government activity. Emerging democracies and economically strapped states will be particularly susceptible. The drug trade will continue to produce tensions between and among drug producing, transport, and user nations.
- I remain concerned about other forms of international criminal activity – for instance, 'cyber-criminals' who attempt to exploit the electronic underpinnings of the global financial, commercial, and capital market systems, and nationally based 'mafia' groups who seek to undermine legitimate governments in states like Russia and Nigeria. Globally, criminal cartels are becoming more sophisticated at exploiting technology, developing or taking control of legitimate commercial activities, and seeking to directly influence – through infiltration, manipulation, and bribery – local, state, and national governments, legitimate transnational organizations, and businesses. Increased cooperation between independent criminal elements, including terrorist organizations, is likely.

Traditional Military Challenges

Beyond the asymmetric threats outlined above, we will continue to face an array of more traditional, albeit evolving, challenges from the strategic and regional forces of other nations. While less advanced than the US military, these forces will remain potent by global and regional standards, and, in many cases, be fully capable of accomplishing significant objectives. Moreover, during the next ten years, many states will seek to augment their militaries with selected higher-end systems, including: improved strategic strike capabilities ... WMD and missiles ... advanced command, control and intelligence systems, including satellite reconnaissance ... precision strike capabilities ... global positioning ... advanced air defense systems ... and advanced anti-surface ship capabilities. As I mentioned earlier, some of these 'niche' capabilities will be designed to counter key US concepts (global access, precision engagement, force protection, information superiority, etc.), in an attempt to deter the US from becoming involved in regional contingencies, or to raise the cost of US engagement.

For the most part, however, even large regional forces will be hard pressed to match our dominant maneuver, power projection, and precision attack capabilities, and no state will field integrated, satellite-to-soldier military 'system of systems' capabilities on a par with the US. But in a specific combat situation, the precise threat adversary forces pose will depend on a number of factors, including: the degree to which they have absorbed and can apply key '21st Century' technologies, have overcome deficiencies in training, leadership, doctrine, and logistics, and on the specific operational-tactical environment. Under the right conditions, their large numbers, combined with other 'situational advantages' – such as initiative, limited objectives, short lines of communication, familiar terrain, time to deploy and prepare combat positions, and the skillful use of asymmetric approaches – could present significant challenges to US mission success. China and perhaps Russia at the high end, followed by North Korea,

Iran, and Iraq, are all examples of militaries that could field large forces with a mix of current and advanced capabilities.

China. Beijing recognizes that its long term prospects to achieve great power status depend on its success at modernizing China's economy and infrastructure, and it will continue to emphasize those priorities ahead of military modernization. Despite the limitations posed by these other priorities, China's military is modernizing, but faces difficulty absorbing technological upgrades at a fast rate. Accordingly, I expect China to continue to allow total military spending to grow at about the same rate as the economy, maintaining a defense burden of as much as 5% of GDP (between $40 and $60 billion in defense spending last year). Part of this steady defense spending increase will be absorbed by rapidly rising personnel costs, a consequence of the overall transformation toward a market economy.

One of Beijing's top military priorities is to strengthen and modernize its small, dated strategic nuclear deterrent force. While the ultimate extent of China's strategic modernization is difficult to forecast, the number, reliability, survivability, and accuracy of Chinese strategic missiles capable of hitting the United States will increase during the next ten years. We know little about China's concepts for nuclear weapons use, especially with respect to Beijing's views on the role and utility of strategic weapons in an international crisis involving important Chinese interests, for example Taiwan or the Korean peninsula.

- China currently has about 20 CSS-4 ICBMs with a range of over 12,000 km. New strategic missile systems are under development, including two new road-mobile, solid-propellant ICBMs. One of these, the 8,000 km DF-31, was flight-tested in 1999 and 2000. Another, longer-range mobile ICBM, likely will be tested within the next several years.
- China currently has a single XIA class SSBN which is not operational. It is intended to carry 12 CSS-NX-3 missiles (with ranges exceeding 1,500 km).

China is developing a new SSBN and an associated SLBM (the 8,000+ km JL-2). These systems likely will be developed and tested later this decade.

- China also has upgrade programs for associated command, control, communications, intelligence and other related strategic force capabilities.

In terms of conventional forces, Beijing is pursing the capability to defend its eastern seaboard – the economic heartland – from attacks by a 'high-technology' opponent employing long-range precision strike capabilities. This means China is improving its air, air defense, anti-submarine, anti-surface ship, reconnaissance, and battle management capabilities. China also is rapidly expanding its conventionally-armed theater missile force. Both efforts will give it increased leverage against Taiwan and, to a lesser extent, other US Asian allies.

As a result of these and other developments, China's capability for regional military operations will improve significantly. By 2010, China's forces will be much better equipped, possessing more than 750 theater-range missiles, hundreds of fourth-generation (roughly F-16 equivalent) aircraft armed with modern precision-guided weapons, thousands of older model tanks and artillery, over 20 advanced diesel and third generation nuclear submarines, and some 20 or so new surface combatants. China also is likely to field an integrated air defense system and modern command-and-control systems at the strategic and operational levels. Selective acquisitions of advanced systems from Russia – such as SOVREMENNYY destroyers, KILO submarines, and FLANKER aircraft – will remain an important part of the PLA's modernization effort.

The Taiwan issue will remain a major potential flashpoint. It is doubtful, however, unless Taipei moved more directly toward independence, that China would attempt a large scale attack. Beijing recognizes the risk inherent in such a move. Nevertheless, by 2005-2010, China's conventional force modernization will provide an increasingly credible military threat for short-duration attacks against Taiwan.

Russia. The 11 September attacks against the United States brought a new dynamic to the US-Russian relationship and new opportunities for cooperation. While Russia retains significant differences with the West – in its political, economic, and social make-up, and on a host of regional and global security issues – I am hopeful that we can form a more positive lasting relationship. But we should recognize that there are no easy, simple, or near term solutions to the tremendous political, economic, social, and military problems confronting Moscow. Consequently, I expect that many of the issues that concern us today – Russian proliferation of advanced military and WMD technologies, conventional weapons, and brainpower ... the security of Russia's nuclear materials and weapons ... the expanding local, regional, and global impact of Russian criminal syndicates ... negative demographic trends ... and Moscow's ultimate reliability as a global security partner – will be with us for some time to come.

In the meantime, Russia's Armed Forces continue in crisis. Defense resources remain especially limited, given the still relatively large Russian force structure. Moscow spent some $40 billion on defense last year – about 3-5% of GDP – and the process of allocating monies remained extremely erratic and inefficient. This level of spending is not enough to fix the Russian military. With chronic underfunding and neglect the norm, compensation, housing, and other shortfalls continue to undermine morale. Under these conditions, military progress will remain limited. For most of the next decade (and perhaps longer), Russia's conventional forces will remain chronically weak, and will pose a diminishing threat to US interests. Toward the end of that timeframe – assuming economic recovery, sustained political support, and success at military reform – Russia could begin rebuilding an effective military, and field a smaller, but more modern and capable force in the 2015 timeframe. This improved force would be large and potent by regional standards, equipped with thousands of late-generation Cold War-era systems and hundreds of more advanced systems built after 2005.

Russia will continue to rely on nuclear weapons – both strategic and nonstrategic – to compensate for its diminished conventional military capability, a concept articulated in the October 1999 Russian Military Doctrine statement and reiterated in January and April 2000. Moscow has begun deployment of the new SS-27 ICBM and has upgrades to this missile and several other systems under development. But even priority strategic force elements have not been immune to the financial problems affecting the rest of the Russian military. SS-27 production is far below expectations and deployments are years behind. System aging, inadequate budgets, and arms control agreements ensure that Russia's strategic force will continue to decline – from some 4,500 operational warheads today, to perhaps under 1,500 by 2010 (depending on arms control treaties, decisions we make about missile defense, the state of the Russian economy, and Russian perceptions of other strategic threats, etc).

Iran. President Khatami's strong popular support from restless intellectuals, youths, and women (all growing segments of Iran's population) led to his reelection last year. But his subservience to religious conservatives, and the lack of progress on the reform agenda, are undermining that support. The conservatives, in power since 1979, remain in control of the security, foreign policy, intelligence, and defense institutions, and generally continue to view the US with hostility. For that reason, I remain concerned with Tehran's deliberate, though uneven, military buildup, which is designed to ensure the security of the regime, increase Iran's influence in the Middle East and Central Asia, deter Iraq or any other regional aggressor, and limit US regional influence.

While Iran's forces retain significant limitations with regard to mobility, logistics infrastructure, and modern weapons systems, Tehran is attempting to compensate for these by developing (or pursuing) numerous asymmetric capabilities, to include terrorism, the deployment of air, air defense, missile, mine warfare, and naval capabilities to interdict maritime access in and around the

Strait of Hormuz, and the development and acquisition of longer-range missiles and WMD to deter the US and to intimidate Iran's neighbors.

- Iran has a relatively large ballistic missile force – hundreds of Chinese CSS-8s, SCUD Bs and SCUD Cs – and is likely assembling SCUDs in country. Tehran, with foreign assistance, is buying and developing longer-range missiles, already has chemical weapons, and is pursuing nuclear and biological weapons capabilities.
- Iran's Defense Minister has publicly talked of plans for developing a platform more capable than the Shahab 3 (a 1,300 km MRBM based on North Korea's No Dong). Iran also is pursing an ICBM/space launch vehicle and could flight test such a system before the end of the decade. Cooperation with Russian, North Korean, and Chinese entities is furthering Tehran's expertise. However, if Iran purchased an ICBM from North Korea or elsewhere, further development might not be necessary.
- Iran's navy is the most capable in the region and, even with the presence of Western forces, can probably stem the flow of oil from the Gulf for brief periods by employing a layered force of KILO submarines, missile patrol boats, naval mines, and sea and shore-based anti-ship cruise missiles. Aided by China, Iran has developed a potent anti-ship cruise missile capability and is working to acquire more sophisticated naval mines, missiles, and torpedoes.

Although Iran's force modernization efforts will proceed gradually, during the next 15 years it will likely acquire a full range of WMD capabilities, field substantial numbers of ballistic and cruise missiles – including, perhaps, an ICBM – increase its inventory of modern aircraft, upgrade and expand its armored forces, and continue to improve its anti-surface ship capability. Iran's effectiveness in generating and employing this increased military potential against an advanced adversary will depend in large part on 'intangibles' – command and control, training, maintenance, reconnaissance and intelligence, leadership, and situational conditions and circumstances.

Iraq. Saddam's goals remain to reassert his rule over the Kurds in northern Iraq, undermine all UN restrictions on his military capabilities, and make Iraq the predominant military and economic power in the Persian Gulf and the Arab world. The on-going UN sanctions and US military presence continue to be the keys to restraining Saddam's ambitions. Indeed, years of UN sanctions, embargoes, and inspections, combined with US and Coalition military actions, have significantly degraded Iraq's military capabilities. Saddam's military forces are much smaller and weaker than those he had in 1991. Manpower and equipment shortages, a problematic logistics system, and fragile military morale remain major shortcomings. Saddam's paranoia and lack of trust – and related oppression and mistreatment – extend to the military, and are a drain on military effectiveness.

Nevertheless, Iraq's ground forces continue to be one of the most formidable within the region. They can move rapidly and pose a threat to Iraq's neighbors. Baghdad's air and air defense forces retain only a marginal defensive capability. The Air Force cannot effectively project air power outside Iraq's borders. Still, Saddam continues to threaten Coalition forces in the No Fly Zones, and remains committed to interfering with Coalition military operations monitoring his military activities.

Iraq retains a residual level of WMD and missile capabilities. The lack of intrusive inspection and disarmament mechanisms permits Baghdad to enhance these programs. Iraq probably retains limited numbers of SCUD-variant missiles, launchers, and warheads capable of delivering biological and chemical agents. Baghdad continues work on short-range (150 km) liquid and solid propellant missiles allowed by UNSCR 687 and can use this expertise for future long range missile development. Iraq may also have begun to reconstitute chemical and biological weapons programs.

Despite the damage done to Iraq's missile infrastructure during the Gulf War and *Operation Desert Fox*, Iraq may have ambitions for longer-range missiles, including an ICBM. Depending on the success of acquisition efforts and the degree of foreign support, it is possible that Iraq could develop and test an ICBM capable of reaching the US by 2015.

Saddam's regime will continue to pose political and military challenges to Coalition interests. Should sanctions be removed formally or become ineffective, Iraq will move quickly to expand its WMD and missile capabilities, develop a more capable strategic air defense system, and improve other conventional force capabilities. Saddam is intent on acquiring a large inventory of WMD and modernizing and expanding his fleet of tanks, combat aircraft, and artillery guns. While Iraq would still have to grapple with shortcomings in training and military leadership, such a modernized and expanded force would allow Saddam to increasingly threaten regional stability and ultimately, the global economy.

North Korea. During the past year, the diplomatic climate on the Korean peninsula turned more confrontational as the process of engagement stalled. Largely reversing its 'smile diplomacy' of the previous year (the unprecedented willingness to engage the Republic of Korea and the United States), Pyongyang reacted strongly to its perception of a hard-line US approach to negotiations. North Korea also has openly expressed concern that it might become a target for the US-led war against international terrorism. Less willing to engage and less receptive to change, Pyongyang is reemphasizing its established ideology, excoriating Western ideas and influence, and touting its military strength. As a result, it continues to place heavy emphasis on the maintenance and improvement of its military capabilities.

North Korea retains a large, forward deployed military force, capable of inflicting significant damage on the South. The Korean People's Army continues to demonstrate resiliency, managing during the past several years to slow the

decline in force-on-force capabilities experienced during most of the 1990s and, in some ways, marginally improve its readiness and capability for war. War on the peninsula would still be very violent and destructive, and an attack could occur with little warning. Moreover, even if the North-South rapprochement were to resume, Pyongyang is unlikely to significantly reduce its military posture and capability in the near term, because the North needs its military forces to ensure regime security, retain its regional position, and provide bargaining leverage.

North Korea continues its robust efforts to develop more capable ballistic missiles. It has deployed both short-and medium-range missiles and is developing an ICBM capability with its Taepo Dong 2 missile, judged capable of delivering a several-hundred kilogram payload to Alaska or Hawaii and a lighter payload to the western half of the United States. A three-stage TD 2 could deliver a several-hundred kilogram payload anywhere in the US. Pyongyang, thus far, is honoring its pledge to refrain from test launching long-range missiles until 2003, but otherwise probably has the capability to field an ICBM within the next couple of years.

For the near future, I expect North Korea will continue to proliferate WMD and especially missile technology – one of the few areas where it has something to offer for hard currency on the international market. Pyongyang's proliferation of No Dong missile technology is particularly important for those states seeking to extend the range of their missile fleet. I also expect North Korea to continue to develop and expand its own 'asymmetric' capabilities – WMD, missiles, Special Operations Forces, small submarine insertion platforms, etc. – in part to offset its conventional force shortcomings. In short, as long as North Korea remains around in its present form, it will represent one of the major threats to our regional and global interests.

Closing Thoughts

The longer-term trends and conditions apparent before 11 September – continuing global turmoil ... the increasing importance of the asymmetric threat ... and the traditional challenges posed by the regional and strategic military forces of other states – still apply today. But the terrorist attacks, and our response, have brought a new dynamic to the global security environment.

The 'expectation of prolonged uncertainty' has increased significantly since September, and our intelligence and analytic paradigms must be adjusted to assess the implications of what we do not, can not, and will not know about the nature of the future security environment and future threats. Accounting for and dealing with uncertainty has always been our biggest analytic challenge. But in today's environment, we need to be as adept at dealing with 'complex mysteries' as we are at uncovering 'hidden secrets.' Critical analytic thinking may be our most important national asset.

On 11 September the asymmetric threat became real, and strategic. We are in a new struggle – for our way of life and our vision of the global future. Our adversaries see things the same way. They think the United States is the 'center of gravity' for an emerging world order that undermines their beliefs, values, interests, and culture. They need to eliminate our global power, leadership, and influence or – in their eyes – be overwhelmed by it. We are too strong to take on directly, but are potentially vulnerable to a range of asymmetric approaches. We need to ensure these do not have a decisive strategic impact.

The characteristics of this new strategic threat – extremist, global, non-state, networked, adaptive – make it less vulnerable to more traditional intelligence and security approaches, and perhaps impossible to deter (at least with military power alone). The long-term key to our adversaries' success may lie in their ability to exploit a host of 'negative' global conditions to spread an extremist anti-

US message, recruit and train new members, and execute increasingly destructive attacks. In this context, our success at eliminating, containing, isolating, and managing globalization's downsides may be the strategic prerequisite to victory.

Finally, we will continue to face an array of more traditional, albeit evolving, threats from the strategic and regional military forces of other nations. While generally less advanced than the US military, these forces will remain potent by global and regional standards, and capable of accomplishing significant objectives. China and perhaps Russia at the high end, followed by North Korea, Iran and Iraq at the lower end are examples of states that will maintain significant military capabilities.

Collectively, these factors create an extremely dynamic, complex, and problematic global environment. The spectrum of real and potential threats is very wide, and the intelligence challenges are many. We are working hard to reshape our intelligence capability to deal with these challenges. Our success will depend on our ability to recruit, develop, and retain the highest quality work force ... expand our collection coverage and analytic depth and breadth ... improve the responsiveness and content of our data bases ... and build on our past successes at improving the intelligence-operator interface. Your continued support is vital to those efforts.

TESTIMONY OF DALE L. WATSON
EXECUTIVE ASSISTANT DIRECTOR,
COUNTERTERRORISM AND COUNTERINTELLIGENCE
FEDERAL BUREAU OF INVESTIGATION

Senate Select Committee on Intelligence,
February 6, 2002 / 10 a.m.

THE TERRORIST THREAT CONFRONTING THE UNITED STATES

GOOD MORNING CHAIRMAN GRAHAM, VICE-CHAIRMAN SHELBY AND MEMBERS OF THE COMMITTEE. I AM DALE WATSON, THE EXECUTIVE ASSISTANT DIRECTOR OF THE FBI OVER COUNTERTERRORISM AND COUNTERINTELLIGENCE. I AM PLEASED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE YOUR COMMITTEE AND I CONVEY DIRECTOR MUELLER'S REGRETS FOR NOT BEING ABLE TO BE WITH YOU TODAY. THIS MORNING I WOULD LIKE TO DISCUSS THE DOMESTIC AND INTERNATIONAL TERRORIST THREAT FACING THE UNITED STATES AND THE MEASURES THE FBI IS TAKING TO ADDRESS THIS THREAT.

THE TERRORIST ATTACK OF SEPTEMBER 11, 2001, MARKED A DRAMATIC ESCALATION IN A TREND TOWARD MORE DESTRUCTIVE TERRORIST ATTACKS WHICH BEGAN IN THE 1980S. BEFORE THE SEPTEMBER 11 ATTACK, THE OCTOBER 23, 1983 TRUCK BOMBINGS OF U.S. AND FRENCH MILITARY BARRACKS IN BEIRUT, LEBANON, WHICH

CLAIMED A TOTAL OF 295 LIVES, STOOD AS THE MOST DEADLY ACT OF TERRORISM. THE ATTACKS OF SEPTEMBER 11 PRODUCED CASUALTY FIGURES MORE THAN TEN TIMES HIGHER THAN THOSE OF THE 1983 BARRACKS ATTACKS.

THE SEPTEMBER 11 ATTACK ALSO REFLECTED A TREND TOWARD MORE INDISCRIMINATE TARGETING AMONG INTERNATIONAL TERRORISTS. THE VAST MAJORITY OF THE MORE THAN 3,000 VICTIMS OF THE ATTACK WERE CIVILIANS. IN ADDITION, THE ATTACK REPRESENTED THE FIRST KNOWN CASE OF SUICIDE ATTACKS CARRIED OUT BY INTERNATIONAL TERRORISTS IN THE UNITED STATES. THE SEPTEMBER 11 ATTACK ALSO MARKED THE FIRST SUCCESSFUL ACT OF INTERNATIONAL TERRORISM IN THE UNITED STATES SINCE THE VEHICLE BOMBING OF THE WORLD TRADE CENTER IN FEBRUARY 1993.

DESPITE ITS UNPRECEDENTED SCOPE AND DESTRUCTION, THE SEPTEMBER 11 ATTACK UNDERSCORED MANY OF THE TRENDS IN INTERNATIONAL TERRORISM IDENTIFIED IN RECENT YEARS BY THE U.S. INTELLIGENCE COMMUNITY[1]. AMONG THESE HAS BEEN AN APPARENT SHIFT IN OPERATIONAL INTENSITY FROM TRADITIONAL SOURCES OF TERRORISM--STATE SPONSORS AND FORMALIZED TERRORIST ORGANIZATIONS--TO LOOSELY AFFILIATED EXTREMISTS. THIS TREND HAS BEEN PARALLELED BY A GENERAL SHIFT IN TACTICS AND METHODOLOGIES AMONG INTERNATIONAL TERRORISTS THAT FOCUS ON PRODUCING MASS CASUALTIES. THESE TRENDS UNDERSCORE THE SERIOUS THREAT THAT INTERNATIONAL

TERRORISTS CONTINUE TO POSE TO NATIONS AROUND THE WORLD, PARTICULARLY THE UNITED STATES.

AT THE SAME TIME, THE UNITED STATES ALSO FACES SIGNIFICANT CHALLENGES FROM DOMESTIC TERRORISTS. IN FACT, BETWEEN 1980 AND 2000, THE FBI RECORDED 335 INCIDENTS OR SUSPECTED INCIDENTS OF TERRORISM IN THIS COUNTRY. OF THESE, 247 WERE ATTRIBUTED TO DOMESTIC TERRORISTS, WHILE 88 WERE DETERMINED TO BE INTERNATIONAL IN NATURE.

THREATS EMANATING FROM DOMESTIC AND INTERNATIONAL TERRORISTS WILL CONTINUE TO REPRESENT A SIGNIFICANT CHALLENGE TO THE UNITED STATES FOR THE FORESEEABLE FUTURE. FURTHER, AS TERRORISTS CONTINUE TO REFINE AND EXPAND THEIR METHODOLOGIES, THE THREATS THEY POSE WILL BECOME EVEN GREATER.

BACKGROUND

THE FBI DIVIDES THE TERRORIST THREAT FACING THE UNITED STATES INTO TWO BROAD CATEGORIES--DOMESTIC AND INTERNATIONAL.

DOMESTIC TERRORISM IS THE UNLAWFUL USE, OR THREATENED USE, OF VIOLENCE BY A GROUP OR INDIVIDUAL BASED AND OPERATING ENTIRELY WITHIN THE UNITED STATES (OR ITS TERRITORIES) WITHOUT FOREIGN DIRECTION COMMITTED AGAINST PERSONS OR PROPERTY TO

INTIMIDATE OR COERCE A GOVERNMENT, THE CIVILIAN POPULATION, OR ANY SEGMENT THEREOF, IN FURTHERANCE OF POLITICAL OR SOCIAL OBJECTIVES.

INTERNATIONAL TERRORISM INVOLVES VIOLENT ACTS OR ACTS DANGEROUS TO HUMAN LIFE THAT ARE A VIOLATION OF THE CRIMINAL LAWS OF THE UNITED STATES OR ANY STATE, OR THAT WOULD BE A CRIMINAL VIOLATION IF COMMITTED WITHIN THE JURISDICTION OF THE UNITED STATES OR ANY STATE. ACTS ARE INTENDED TO INTIMIDATE OR COERCE A CIVILIAN POPULATION, INFLUENCE THE POLICY OF A GOVERNMENT, OR AFFECT THE CONDUCT OF A GOVERNMENT. THESE ACTS TRANSCEND NATIONAL BOUNDARIES IN TERMS OF THE MEANS BY WHICH THEY ARE ACCOMPLISHED, THE PERSONS THEY APPEAR INTENDED TO INTIMIDATE, OR THE LOCALE IN WHICH PERPETRATORS OPERATE.
AS EVENTS DURING THE PAST SEVERAL YEARS DEMONSTRATE, BOTH DOMESTIC AND INTERNATIONAL TERRORIST ORGANIZATIONS REPRESENT THREATS TO AMERICANS WITHIN THE BORDERS OF THE UNITED STATES.

DURING THE PAST DECADE WE HAVE WITNESSED DRAMATIC CHANGES IN THE NATURE OF THE TERRORIST THREAT. IN THE 1990s, RIGHT-WING EXTREMISM OVERTOOK LEFT-WING TERRORISM AS THE MOST DANGEROUS DOMESTIC TERRORIST THREAT TO THE COUNTRY. DURING THE PAST SEVERAL YEARS, SPECIAL INTEREST EXTREMISM--

AS CHARACTERIZED BY THE ANIMAL LIBERATION FRONT (ALF) AND THE EARTH LIBERATION FRONT (ELF)--HAS EMERGED AS A SERIOUS TERRORIST THREAT. THE FBI ESTIMATES THAT ALF/ELF HAVE COMMITTED APPROXIMATELY 600 CRIMINAL ACTS IN THE UNITED STATES SINCE 1996, RESULTING IN DAMAGES IN EXCESS OF 42 MILLION DOLLARS.

HOWEVER, AS THE EVENTS OF SEPTEMBER 11 DEMONSTRATED WITH HORRIBLE CLARITY, THE UNITED STATES ALSO CONFRONTS SERIOUS CHALLENGES FROM INTERNATIONAL TERRORISTS. THE TRANSNATIONAL *AL-QAEDA* TERRORIST NETWORK HEADED BY USAMA BIN LADEN HAS CLEARLY EMERGED AS THE MOST URGENT THREAT TO U.S. INTERESTS. THE EVIDENCE LINKING *AL-QAEDA* AND BIN LADEN TO THE ATTACKS OF SEPTEMBER 11 IS CLEAR AND IRREFUTABLE. THE LAW ENFORCEMENT AND MILITARY RESPONSE MOUNTED BY THE UNITED STATES HAS DONE MUCH TO WEAKEN THE ORGANIZATIONAL STRUCTURE AND CAPABILITIES OF *AL-QAEDA*. DESPITE THE MILITARY SETBACKS SUFFERED BY *AL-QAEDA*, HOWEVER, IT MUST CONTINUE TO BE VIEWED AS A POTENT AND HIGHLY CAPABLE TERRORIST NETWORK WITH CELLS AROUND THE WORLD. AS WE HOLD THIS HEARING, *AL-QAEDA* IS CLEARLY WOUNDED, BUT NOT DEAD; DOWN BUT NOT OUT.

THE FBI HAS MOVED AGGRESSIVELY DURING THE PAST DECADE TO ENHANCE ITS ABILITIES TO PREVENT AND INVESTIGATE ACTS OF TERRORISM AGAINST U.S. INTERESTS WHEREVER THEY ARE PLANNED.

THE FBI OPERATES 44 LEGAL ATTACHE OFFICES (LEGATS) IN COUNTRIES AROUND THE WORLD TO HELP ENSURE THAT INVESTIGATIVE RESOURCES ARE IN PLACE TO SUPPORT THE FBI'S EXPANDING FOCUS ON COUNTERTERRORISM AND INTERNATIONAL ORGANIZED CRIME. IN THE 20 YEARS SINCE PRESIDENT REAGAN DESIGNATED THE FBI AS THE LEAD AGENCY FOR COUNTERING TERRORISM IN THE UNITED STATES, CONGRESS AND THE EXECUTIVE BRANCH HAVE TAKEN IMPORTANT STEPS TO ENHANCE THE FEDERAL GOVERNMENT'S COUNTERTERRORISM CAPABILITIES. THE FBI'S COUNTERTERRORISM RESPONSIBILITIES WERE EXPANDED IN 1984 AND 1986, WHEN CONGRESS PASSED LAWS PERMITTING THE BUREAU TO EXERCISE FEDERAL JURISDICTION OVERSEAS WHEN A U.S. NATIONAL IS MURDERED, ASSAULTED, OR TAKEN HOSTAGE BY TERRORISTS, OR WHEN CERTAIN U.S. INTERESTS ARE ATTACKED. SINCE THE MID-1980s, THE FBI HAS INVESTIGATED MORE THAN 500 EXTRATERRITORIAL CASES. IN ADDITION TO THE INVESTIGATION INTO THE SEPTEMBER 11 ATTACK, SEVERAL OTHER ONGOING EXTRATERRITORIAL INVESTIGATIONS RANK AMONG THE FBI'S MOST HIGH PROFILE CASES, INCLUDING OUR INVESTIGATION INTO THE 1996 BOMBING OF KHOBAR TOWERS IN SAUDI ARABIA, WHICH KILLED 19 U.S. SERVICEMEN; THE BOMBINGS OF THE U.S. EMBASSIES IN KENYA AND TANZANIA, WHICH KILLED 12 AMERICANS; AND THE BOMBING OF THE USS COLE, WHICH CLAIMED THE LIVES OF 17 U.S. SAILORS.

AS EVIDENCED BY OUR ENHANCED ABILITY TO CONDUCT COUNTERTERRORISM INVESTIGATIONS OVERSEAS, THE EVOLUTION OF

THE FBI'S RESPONSE TO TERRORISM DURING THE PAST DECADE REFLECTS THE CHANGING DYNAMICS OF TERRORISM. IN THE DIRECT AFTERMATH OF THE 1993 WORLD TRADE CENTER BOMBING THE FBI BEGAN TO FOCUS INVESTIGATIVE ATTENTION ON THE THEN-EMERGING PHENOMENON OF SUNNI EXTREMISM AND ITS OPERATIONAL MANIFESTATION IN THE RADICAL INTERNATIONAL JIHAD MOVEMENT. THIS EFFORT PAID ALMOST IMMEDIATE DIVIDENDS WHEN INVESTIGATORS UNCOVERED AND THWARTED A PLOT BY A LOOSELY AFFILIATED GROUP OF INTERNATIONAL TERRORISTS LED BY SHAYKH OMAR ABDEL RAHMAN TO BOMB LANDMARKS THROUGHOUT NEW YORK CITY DURING THE SUMMER OF 1993.

THIS MORNING, I WOULD LIKE TO BRIEFLY DISCUSS THE CURRENT TERRORIST THREAT IN THE UNITED STATES, AS WELL AS THE FBI'S EFFORTS TO ADDRESS THE THREAT POSED BY DOMESTIC AND INTERNATIONAL TERRORISTS.

TERRORIST THREAT IN THE UNITED STATES

THE THREAT OF TERRORISM TO THE UNITED STATES REMAINS DESPITE PROACTIVE LAW ENFORCEMENT EFFORTS AND SIGNIFICANT LEGISLATIVE COUNTERTERRORISM INITIATIVES. THE OVERALL LEVEL OF TERRORIST-RELATED ACTS IN THE UNITED STATES DECLINED IN THE EARLY 1990s, WHEN COMPARED TO FIGURES FOR THE 1970s AND 1980s, BUT HAS INCREASED STEADILY DURING THE PAST FIVE YEARS.

THERE WERE TWO TERRORIST ACTS RECORDED IN THE UNITED STATES IN 1995, THREE IN 1996, FOUR IN 1997, FIVE IN 1995, 12 IN 1999 AND 8 IN 2000.[1] WHILE TERRORIST DESIGNATIONS FOR THE YEAR 2001 ARE CURRENTLY BEING FINALIZED, ONE INCIDENT, THE ATTACK OF SEPTEMBER 11, PRODUCED HIGHER CASUALTY FIGURES THAN ALL PREVIOUS TERRORIST INCIDENTS IN THE UNITED STATES COMBINED. RELATIVELY HIGH NUMBERS OF TERRORIST PLOTS PREVENTED BY LAW ENFORCEMENT IN RECENT YEARS FURTHER UNDERSCORE THE CONTINUING TERRORIST THREAT.

DOMESTIC TERRORISM

DOMESTIC RIGHT-WING TERRORIST GROUPS OFTEN ADHERE TO THE PRINCIPLES OF RACIAL SUPREMACY AND EMBRACE ANTIGOVERNMENT, ANTIREGULATORY BELIEFS. GENERALLY, EXTREMIST RIGHT-WING GROUPS ENGAGE IN ACTIVITY THAT IS PROTECTED BY CONSTITUTIONAL GUARANTEES OF FREE SPEECH AND ASSEMBLY. LAW ENFORCEMENT BECOMES INVOLVED WHEN THE VOLATILE TALK OF THESE GROUPS TRANSGRESSES INTO UNLAWFUL ACTION.

ON THE NATIONAL LEVEL, FORMAL RIGHT-WING HATE GROUPS, SUCH AS THE NATIONAL ALLIANCE, THE WORLD CHURCH OF THE CREATOR (WCOTC) AND THE ARYAN NATIONS, REPRESENT A CONTINUING TERRORIST THREAT. ALTHOUGH EFFORTS HAVE BEEN MADE BY SOME

[1] FIGURES COMBINE TERRORIST INCIDENTS AND SUSPECTED TERRORIST INCIDENTS.

EXTREMIST GROUPS TO REDUCE OPENLY RACIST RHETORIC IN ORDER TO APPEAL TO A BROADER SEGMENT OF THE POPULATION AND TO FOCUS INCREASED ATTENTION ON ANTIGOVERNMENT SENTIMENT, RACISM-BASED HATRED REMAINS AN INTEGRAL COMPONENT OF THESE GROUPS' CORE ORIENTATIONS.

RIGHT-WING GROUPS CONTINUE TO REPRESENT A SERIOUS TERRORIST THREAT. TWO OF THE SEVEN PLANNED ACTS OF TERRORISM PREVENTED IN 1999 WERE POTENTIALLY LARGE-SCALE, HIGH-CASUALTY ATTACKS BEING PLANNED BY ORGANIZED RIGHT-WING EXTREMIST GROUPS.

THE SECOND CATEGORY OF DOMESTIC TERRORISTS, LEFT-WING GROUPS, GENERALLY PROFESS A REVOLUTIONARY SOCIALIST DOCTRINE AND VIEW THEMSELVES AS PROTECTORS OF THE PEOPLE AGAINST THE "DEHUMANIZING EFFECTS" OF CAPITALISM AND IMPERIALISM. THEY AIM TO BRING ABOUT CHANGE IN THE UNITED STATES AND BELIEVE THAT THIS CHANGE CAN BE REALIZED THROUGH REVOLUTION RATHER THAN THROUGH THE ESTABLISHED POLITICAL PROCESS. FROM THE 1960s TO THE 1980s, LEFTIST-ORIENTED EXTREMIST GROUPS POSED THE MOST SERIOUS DOMESTIC TERRORIST THREAT TO THE UNITED STATES. IN THE 1980s, HOWEVER, THE FORTUNES OF THE LEFTIST MOVEMENT CHANGED DRAMATICALLY AS LAW ENFORCEMENT DISMANTLED THE INFRASTRUCTURE OF MANY OF THESE GROUPS, AND THE FALL OF COMMUNISM IN EASTERN EUROPE DEPRIVED THE MOVEMENT OF ITS IDEOLOGICAL FOUNDATION

AND PATRONAGE.

TERRORIST GROUPS SEEKING TO SECURE FULL PUERTO RICAN INDEPENDENCE FROM THE UNITED STATES THROUGH VIOLENT MEANS REPRESENT ONE OF THE REMAINING ACTIVE VESTIGES OF LEFT-WING TERRORISM. WHILE THESE GROUPS BELIEVE THAT BOMBINGS ALONE WILL NOT RESULT IN CHANGE, THEY VIEW THESE ACTS OF TERRORISM AS A MEANS BY WHICH TO DRAW ATTENTION TO THEIR DESIRE FOR INDEPENDENCE. DURING THE 1970s AND 1980s NUMEROUS LEFTIST GROUPS, INCLUDING EXTREMIST PUERTO RICAN SEPARATIST GROUPS SUCH AS THE ARMED FORCES FOR PUERTO RICAN NATIONAL LIBERATION (FALN--*FUERZAS ARMADAS DE LIBERACION NACIONAL PUERTORRIQUENA*), CARRIED OUT BOMBINGS ON THE U.S. MAINLAND, PRIMARILY IN AND AROUND NEW YORK CITY. HOWEVER, JUST AS THE LEFTIST THREAT IN GENERAL DECLINED DRAMATICALLY THROUGHOUT THE 1990S, THE THREAT POSED BY PUERTO RICAN EXTREMIST GROUPS TO MAINLAND U.S. COMMUNITIES DECREASED DURING THE PAST DECADE.

ACTS OF TERRORISM CONTINUE TO BE PERPETRATED, HOWEVER, BY VIOLENT SEPARATISTS *IN PUERTO RICO*. AS NOTED, THREE ACTS OF TERRORISM AND ONE SUSPECTED ACT OF TERRORISM HAVE TAKEN PLACE IN VARIOUS PUERTO RICAN LOCALES DURING THE PAST FOUR YEARS. THESE ACTS (INCLUDING THE MARCH 31, 1998 BOMBING OF A SUPERAQUADUCT PROJECT IN ARECIBO, THE BOMBINGS OF BANK OFFICES IN RIO PIEDRAS AND SANTA ISABEL IN JUNE 1998, AND THE

BOMBING OF A HIGHWAY IN HATO REY IN 1999) REMAIN UNDER INVESTIGATION. THE EXTREMIST PUERTO RICAN SEPARATIST GROUP, *LOS MACHETEROS*, IS SUSPECTED IN EACH OF THESE ATTACKS. THE FBI HAS NOT RECORDED ANY ACTS OF TERRORISM IN PUERTO RICO SINCE 1999.

ANARCHISTS AND EXTREMIST SOCIALIST GROUPS--MANY OF WHICH, SUCH AS THE WORKERS' WORLD PARTY, RECLAIM THE STREETS, AND CARNIVAL AGAINST CAPITALISM, HAVE AN INTERNATIONAL PRESENCE--AT TIMES ALSO REPRESENT A POTENTIAL THREAT IN THE UNITED STATES. FOR EXAMPLE, ANARCHISTS, OPERATING INDIVIDUALLY AND IN GROUPS, CAUSED MUCH OF THE DAMAGE DURING THE 1999 WTO MINISTERIAL MEETING IN SEATTLE.

THE THIRD CATEGORY OF DOMESTIC TERRORISM, SPECIAL INTEREST TERRORISM DIFFERS FROM TRADITIONAL RIGHT-WING AND LEFT-WING TERRORISM IN THAT EXTREMIST SPECIAL INTEREST GROUPS SEEK TO RESOLVE SPECIFIC ISSUES, RATHER THAN EFFECT WIDESPREAD POLITICAL CHANGE. SPECIAL INTEREST EXTREMISTS CONTINUE TO CONDUCT ACTS OF POLITICALLY MOTIVATED VIOLENCE TO FORCE SEGMENTS OF SOCIETY, INCLUDING THE GENERAL PUBLIC, TO CHANGE ATTITUDES ABOUT ISSUES CONSIDERED IMPORTANT TO THEIR CAUSES. THESE GROUPS OCCUPY THE EXTREME FRINGES OF ANIMAL RIGHTS, PRO-LIFE, ENVIRONMENTAL, ANTI-NUCLEAR, AND OTHER MOVEMENTS. SOME SPECIAL INTEREST EXTREMISTS--MOST NOTABLY WITHIN THE ANIMAL RIGHTS AND ENVIRONMENTAL MOVEMENTS--HAVE TURNED INCREASINGLY TOWARD VANDALISM AND TERRORIST

ACTIVITY IN ATTEMPTS TO FURTHER THEIR CAUSES.

IN RECENT YEARS, THE ANIMAL LIBERATION FRONT (ALF)--AN EXTREMIST ANIMAL RIGHTS MOVEMENT--HAS BECOME ONE OF THE MOST ACTIVE EXTREMIST ELEMENTS IN THE UNITED STATES. DESPITE THE DESTRUCTIVE ASPECTS OF ALF'S OPERATIONS, ITS OPERATIONAL PHILOSOPHY DISCOURAGES ACTS THAT HARM "ANY ANIMAL, HUMAN AND NONHUMAN." ANIMAL RIGHTS GROUPS IN THE UNITED STATES, INCLUDING ALF, HAVE GENERALLY ADHERED TO THIS MANDATE. A DISTINCT BUT RELATED GROUP, THE EARTH LIBERATION FRONT (ELF), CLAIMED RESPONSIBILITY FOR THE ARSON FIRES SET AT A VAIL (COLORADO) SKI RESORT IN OCTOBER 1998, WHICH CAUSED 12 MILLION DOLLARS IN DAMAGES. THIS INCIDENT REMAINS UNDER INVESTIGATION. SEVEN TERRORIST INCIDENTS OCCURRING IN THE UNITED STATES DURING 2000 HAVE BEEN ATTRIBUTED TO EITHER ALF OR ELF. SEVERAL ADDITIONAL ACTS COMMITTED DURING 2001 ARE CURRENTLY BEING REVIEWED FOR POSSIBLE DESIGNATION AS TERRORIST INCIDENTS.

INTERNATIONAL TERRORISM

THE UNITED STATES FACES A FORMIDABLE CHALLENGE FROM INTERNATIONAL TERRORISTS. THE SEPTEMBER 11 ATTACK AND THE BOMBING OF THE USS COLE IN THE YEMENESE PORT OF ADEN IN OCTOBER 2000, AS WELL AS THE PREVENTION OF AN APPARENT ATTEMPT BY RICHARD REID TO DESTROY A PARIS-TO-MIAMI FLIGHT IN

DECEMBER 2001, UNDERSCORE THE RANGE OF THREATS TO U.S. INTERESTS POSED BY INTERNATIONAL TERRORISM.

IN GENERAL TERMS, THE INTERNATIONAL TERRORIST THREAT TO U.S. INTERESTS CAN BE DIVIDED INTO THREE CATEGORIES: THE RADICAL INTERNATIONAL JIHAD MOVEMENT, FORMALIZED TERRORIST ORGANIZATIONS, AND STATE SPONSORS OF INTERNATIONAL TERRORISM. EACH OF THESE CATEGORIES REPRESENTS A THREAT TO U.S. INTERESTS ABROAD AND IN THE UNITED STATES.

THE MOST SERIOUS INTERNATIONAL TERRORIST THREAT TO U.S. INTERESTS TODAY STEMS FROM *SUNNI* ISLAMIC EXTREMISTS, SUCH AS USAMA BIN LADEN AND INDIVIDUALS AFFILIATED WITH HIS *AL-QAEDA* ORGANIZATION. *AL-QAEDA* LEADERS, INCLUDING USAMA BIN LADEN, HAD BEEN HARBORED IN AFGHANISTAN SINCE 1996 BY THE EXTREMIST ISLAMIC REGIME OF THE TALIBAN. DESPITE RECENT MILITARY SETBACKS SUFFERED BY THE TALIBAN AND THE APPARENT DEATH OF *AL-QAEDA* OPERATIONAL COMMANDER MOHAMED ATEF RESULTING FROM A U.S. BOMBING RAID, *AL-QAEDA* MUST CONTINUE TO BE VIEWED AS A POTENT AND HIGHLY CAPABLE TERRORIST NETWORK. THE NETWORK'S WILLINGNESS AND CAPABILITY TO INFLICT LARGE-SCALE VIOLENCE AND DESTRUCTION AGAINST U.S. PERSONS AND INTERESTS--AS IT DEMONSTRATED WITH THE SEPTEMBER 11 ATTACK, THE BOMBING OF THE USS COLE IN OCTOBER 2000, AND THE BOMBINGS OF TWO U.S. EMBASSIES IN EAST AFRICA IN AUGUST 1998,

AMONG OTHER PLOTS--MAKES IT A CLEAR AND IMMINENT THREAT TO THE UNITED STATES.

HOWEVER, THE THREAT FROM *AL-QAEDA* IS ONLY A PART OF THE OVERALL THREAT FROM THE RADICAL INTERNATIONAL JIHAD MOVEMENT, WHICH IS COMPOSED OF INDIVIDUALS OF VARYING NATIONALITIES, ETHNICITIES, TRIBES, RACES, AND TERRORIST GROUP MEMBERSHIPS WHO WORK TOGETHER IN SUPPORT OF EXTREMIST *SUNNI* GOALS. ONE OF THE PRIMARY GOALS OF *SUNNI* EXTREMISTS IS THE REMOVAL OF U.S. MILITARY FORCES FROM THE PERSIAN GULF AREA, MOST NOTABLY SAUDI ARABIA. THE SINGLE COMMON ELEMENT AMONG THESE DIVERSE INDIVIDUALS IS THEIR COMMITMENT TO THE RADICAL INTERNATIONAL JIHAD MOVEMENT, WHICH INCLUDES A RADICALIZED IDEOLOGY AND AGENDA PROMOTING THE USE OF VIOLENCE AGAINST THE "ENEMIES OF ISLAM" IN ORDER TO OVERTHROW ALL GOVERNMENTS WHICH ARE NOT RULED BY *SHARIA* (CONSERVATIVE ISLAMIC) LAW. A PRIMARY TACTICAL OBJECTIVE OF THIS MOVEMENT HAS BEEN THE PLANNING AND IMPLEMENTATION OF LARGE-SCALE, HIGH-PROFILE, HIGH-CASUALTY TERRORIST ATTACKS AGAINST U.S. INTERESTS AND CITIZENS, AND THOSE OF ITS ALLIES, WORLDWIDE.

RICHARD REID

ON DECEMBER 22, 2001, RICHARD C. REID WAS ARRESTED AFTER A FLIGHT ATTENDANT ON AMERICAN AIRLINES FLIGHT 63 OBSERVED HIM ATTEMPTING TO APPARENTLY IGNITE AN IMPROVISED EXPLOSIVE IN

HIS SNEAKERS WHILE ONBOARD THE PARIS-TO-MIAMI FLIGHT. AIDED BY PASSENGERS, ATTENDANTS OVERPOWERED AND SUBDUED REID AND THE FLIGHT WAS DIVERTED TO LOGAN INTERNATIONAL AIRPORT IN BOSTON, MASSACHUSETTS.

EVIDENCE STRONGLY SUGGESTS THAT REID, WHO WAS TRAVELING ON A VALID BRITISH PASSPORT, IS AFFILIATED WITH THE *AL-QAEDA* NETWORK. REID HAS BEEN INDICTED ON NINE COUNTS, INCLUDING PLACING AN EXPLOSIVE DEVICE ON AN AIRCRAFT AND ATTEMPTED MURDER. FBI INVESTIGATION HAS DETERMINED THAT THE EXPLOSIVES IN REID'S SHOES, IF DETONATED IN CERTAIN AREAS OF THE PASSENGER CABIN, COULD HAVE BLOWN A HOLE IN THE FUSELAGE OF THE AIRCRAFT.

ZACARIAS MOUSSAOUI

INVESTIGATION ALSO HAS REVEALED THAT REID AND ANOTHER INDICTED SUBJECT, ZACARIAS MOUSSAOUI, WERE KNOWN ASSOCIATES. MOUSSAOUI CAME TO THE ATTENTION OF THE FBI WHILE TAKING FLIGHT TRAINING CLASSES IN MINNESOTA IN AUGUST 2001. MOUSSAOUI HAD PAID OVER $8,000 IN CASH FOR FLIGHT SIMULATOR LESSONS ON A 747-400, WHICH FAR EXCEEDED HIS TRAINING LEVEL AS A PILOT. MOUSSAOUI SHOWED UNUSUAL INTEREST IN THE INSTRUCTOR'S COMMENT THAT AIRPLANE CABIN DOORS COULD NOT BE OPENED DURING FLIGHT. IN ADDITION, HIS FLIGHT INSTRUCTOR WAS CONCERNED THAT MOUSSAOUI EXPRESSED INTEREST ONLY IN LEARNING HOW TO TAKE OFF AND LAND THE 747-400. IN PREPARATION

FOR HIGH FIDELITY SIMULATOR TRAINING, HE EXPRESSED STRONG INTEREST IN "PILOTING" A SIMULATED FLIGHT FROM LONDON'S HEATHROW AIRPORT TO JOHN F. KENNEDY AIRPORT IN NEW YORK. WHEN THE INSTRUCTOR TOOK HIS CONCERNS TO THE FBI, MOUSSAOUI WAS INTERVIEWED BY SPECIAL AGENTS FROM THE FBI AND THE U.S. IMMIGRATION AND NATURALIZATION SERVICE (INS). HE WAS DETERMINED TO BE AN INS OVERSTAY AND WAS DETAINED BY THE INS ON AUGUST 16, 2001.

FOLLOWING HIS DETENTION, MOUSSAOUI REFUSED TO ALLOW A SEARCH TO BE CONDUCTED OF HIS POSSESSIONS, TO INCLUDE A LAPTOP COMPUTER AND A COMPUTER DISC. ATTEMPTS WERE MADE TO OBTAIN AUTHORITY TO CONDUCT A SEARCH OF THIS COMPUTER. HOWEVER, DUE TO THE LACK OF PROBABLE CAUSE AND LACK OF PREDICATION, NEITHER A CRIMINAL NOR INTELLIGENCE SEARCH COULD BE CONDUCTED. FOLLOWING THE SEPTEMBER 11 ATTACK A CRIMINAL SEARCH OF THE COMPUTER WAS CONDUCTED. NOTHING WAS LOCATED WHICH CONNECTED MOUSSAOUI WITH THE EVENTS OF SEPTEMBER 11; HOWEVER, INFORMATION ABOUT CROP-DUSTING WAS LOCATED ON THE COMPUTER. AS A RESULT, CROP DUSTING OPERATIONS IN THE UNITED STATES WERE GROUNDED BRIEFLY ON TWO OCCASIONS IN SEPTEMBER 2001. ON DECEMBER 11, 2001, THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA INDICTED MOUSSAOUI ON SIX COUNTS OF CONSPIRACY FOR HIS ROLE IN THE EVENTS OF SEPTEMBER 11, 2001.

THE SECOND CATEGORY OF INTERNATIONAL TERRORIST THREAT IS MADE UP OF FORMAL TERRORIST ORGANIZATIONS. THESE AUTONOMOUS, GENERALLY TRANSNATIONAL, GROUPS HAVE THEIR OWN PERSONNEL, INFRASTRUCTURES, FINANCIAL ARRANGEMENTS, AND TRAINING FACILITIES. THEY ARE ABLE TO PLAN AND MOUNT TERRORIST CAMPAIGNS ON AN INTERNATIONAL BASIS, AND SEVERAL ACTIVELY SUPPORT TERRORIST-RELATED ACTIVITIES IN THE UNITED STATES. EXTREMIST GROUPS SUCH AS PALESTINIAN HAMAS, THE IRISH REPUBLICAN ARMY, THE EGYPTIAN *AL-GAMA AL-ISLAMIYYA* (IG), AND LEBANESE *HIZBALLAH* HAVE SUPPORTERS IN THE UNITED STATES, THOUGH THE ACTIVITIES OF THESE U.S.-BASED CELLS REVOLVE PRIMARILY AROUND FUND-RAISING, RECRUITING, AND LOW-LEVEL INTELLIGENCE GATHERING.

HIZBALLAH IS A FORMAL ORGANIZATION THAT HAS CARRIED OUT NUMEROUS ANTI-U.S. ATTACKS OVERSEAS, INCLUDING THE OCTOBER 1983 VEHICLE BOMBING OF THE U.S. MARINE BARRACKS IN LEBANON. WITH THE EXCEPTION OF THE *AL-QAEDA* NEWTWORK, *HIZBALLAH* IS RESPONSIBLE FOR THE DEATHS OF MORE AMERICANS THAN ANY OTHER TERRORIST GROUP IN THE WORLD. ON JUNE 21, 2001, THE UNITED STATES INDICTED 14 SUBJECTS--13 SAUDIS AND 1 LEBANESE NATIONAL--FOR THEIR SUSPECTED INVOLVEMENT IN THE JUNE 1996 BOMBING OF KHOBAR TOWERS IN SAUDI ARABIA. NINETEEN U.S. AIRMEN DIED IN THE BLAST; SAUDI *HIZBALLAH* IS SUSPECTED OF CARRYING OUT THE ATTACK. TO DATE, *HIZBALLAH* HAS NEVER CARRIED OUT A TERRORIST ATTACK IN THE UNITED STATES.

STATE SPONSORS OF TERRORISM MAKE UP THE THIRD CATEGORY OF INTERNATIONAL TERRORIST THREAT. THE PRIMARY STATE SPONSORS ARE IRAN, IRAQ, SUDAN, AND LIBYA. THESE COUNTRIES VIEW TERRORISM AS A TOOL OF FOREIGN POLICY. SYRIA, WHICH IS ALSO ON THE U.S. DEPARTMENT OF STATE'S LIST OF STATE SPONSORS OF TERRORISM, HAS NOT BEEN DIRECTLY INVOLVED IN CONDUCTING TERRORIST ACTIVITY FOR A NUMBER OF YEARS BUT STILL PROVIDES A SAFE HAVEN TO INTERNATIONAL TERRORIST GROUPS AND LOOSELY AFFILIATED EXTREMISTS. NORTH KOREA AND CUBA--ALSO ON THE DEPARTMENT OF STATE'S LIST OF STATE SPONSORS--HAVE SIGNIFICANTLY REDUCED THEIR DIRECT INVOLVEMENT WITH TERRORISM DUE, IN PART, TO THE RAPIDLY DIMINISHING CAPACITY OF THEIR ECONOMIES TO SUPPORT SUCH ACTIVITY.

IN PERHAPS THE MOST INFAMOUS CASE OF STATE SPONSORED TERRORISM, LIBYA IS BELIEVED TO BE BEHIND THE DECEMBER 1988 BOMBING OF PAN AM FLIGHT 103 OVER LOCKERBIE, SCOTLAND, WHICH KILLED 270 PEOPLE (259 PEOPLE ON THE PLANE AND 11 ON THE GROUND). ON APRIL 5, 1999, THE LIBYAN GOVERNMENT TURNED OVER TWO FORMER INTELLIGENCE OPERATIVES, ABD AL BASIT AL-MEGRAHI AND LAMIN KALIFAH FHIMA, TO BE TRIED IN THE NETHERLANDS BY A SPECIAL SCOTTISH COURT FOR THE BOMBING. SEVERAL YEARS EARLIER, THE FBI HAD PLACED AL-MEGRAHI AND FHIMA ON ITS TOP TEN MOST WANTED FUGITIVES LIST, MARKING THE ONLY TIME THAT OFFICERS OF A FOREIGN GOVERNMENT WERE PLACED ON THE LIST.

ON JANUARY 31, 2001, THE THREE-JUDGE COURT CONVICTED AL-MEGRAHI OF MURDER FOR HIS ROLE IN THE BOMBING. FHIMA WAS ACQUITTED BY THE COURT AND RELEASED.

OF THE SEVEN NATIONS LISTED BY THE UNITED STATES AS STATE SPONSORS OF TERRORISM, IRAN REPRESENTS THE GREATEST THREAT TO THE UNITED STATES. DESPITE A MODERATION IN ITS PUBLIC ANTI-U.S. RHETORIC SINCE THE 1997 ELECTION OF MOHAMMED KHATEMI AS PRESIDENT, THE GOVERNMENT OF IRAN, WHICH IS CONTROLLED BY CONSERVATIVE CLERICS OPPOSED TO KHATEMI, CONTINUES TO TARGET DISSIDENTS AND SUPPORT ANTI-WESTERN TERRORISM, BOTH FINANCIALLY AND LOGISTICALLY.

WEAPONS OF MASS DESTRUCTION (WMD)

THE TREND TOWARD HIGH-PROFILE, HIGH-IMPACT ATTACKS COMES AT A TIME WHEN INTEREST IS GROWING AMONG DOMESTIC AND INTERNATIONAL EXTREMISTS IN WEAPONS OF MASS DESTRUCTION (WMD). A SERIES OF ANTHRAX-RELATED CASES AND THREATS OCCURRING SINCE SEPTEMBER 2001 PROVIDE A GLIMPSE INTO EMERGING TERRORIST SCENARIOS OF THE 21ST CENTURY.

A SERIES OF BIOTERRORISM INCIDENTS USING B. ANTHRACIS SPORES SENT THROUGH THE MAIL HAVE RESULTED IN 22 ANTHRAX CASES AND FIVE DEATHS SINCE OCTOBER 3, 2001. THE INITIAL ANTHRAX CASES

OCCURRED AMONG PERSONS WITH KNOWN OR SUSPECTED CONTACT WITH OPENED LETTERS CONTAMINATED WITH B. ANTHACIS SPORES. LATER, INVESTIGATIONS IDENTIFIED FOUR CONFIRMED CASES AND ONE SUSPECTED CASE AMONG POSTAL WORKERS WHO HAD NO KNOWN CONTACT WITH CONTAMINATED OPENED LETTERS. THIS SUGGESTS THAT SEALED ENVELOPES CONTAMINATED WITH ANTHRAX PASSING THROUGH THE POSTAL SYSTEM MAY BE THE SOURCE OF THESE EXPOSURES. THE NUMBER OF CONTAMINATED ENVELOPES PASSING THROUGH THE POSTAL SYSTEM IS UNDER INVESTIGATION.

LEADS CONTINUE TO BE INVESTIGATED; HOWEVER, NO SUSPECT HAS BEEN IDENTIFIED. ON NOVEMBER 9, 2001, THE FBI ISSUED A BEHAVIORAL/LINGUISTIC ASSESSMENT OF THE OFFENDER BASED ON THE KNOWN ANTHRAX PARCELS. AS STATED IN THIS ASSESSMENT, THE OFFENDER IS BELIEVED TO BE AN ADULT MALE WHO HAS ACCESS TO A SOURCE OF ANTHRAX AND POSSESSES THE KNOWLEDGE AND EXPERTISE TO REFINE IT. THE FBI HEADS A MULTI-AGENCY EFFORT TO IDENTIFY THE PERPETRATOR OF THESE DEADLY ATTACKS.

SINCE OCTOBER 2001 THE FBI HAS RESPONDED TO OVER 8,000 REPORTS OF USE OR THREATENED USE OF ANTHRAX OR OTHER HAZARDOUS MATERIALS. THE CURRENT RASH OF ANTHRAX THREATS REPRESENTS A LARGE SPIKE IN A TREND OF INCREASED WMD CASES THAT BEGAN IN THE MID-1990S. DURING THE PAST FOUR YEARS, THERE HAS BEEN A VERY LIMITED NUMBER OF CASES IN THE UNITED STATES THAT ACTUALLY INVOLVED USE OR THREATENED USE OF

RICIN. THERE HAD BEEN NO CRIMINAL CASES INVOLVING ACTUAL USE OF ANTHRAX IN THE UNITED STATES PRIOR TO OCTOBER 2001. TO DATE, NO EVIDENCE DEFINITELY LINKS *AL-QAEDA* OR ANY OTHER TERRORIST ORGANIZATION TO THESE CASES.

CYBER / NATIONAL INFRASTRUCTURE

DURING THE PAST SEVERAL YEARS THE FBI HAD IDENTIFIED A WIDE ARRAY OF CYBER THREATS, RANGING FROM DEFACEMENT OF WEB SITES BY JUVENILES TO SOPHISTICATED INTRUSIONS SPONSORED BY FOREIGN POWERS. SOME OF THESE INCIDENTS POSE MORE SIGNIFICANT THREATS THAN OTHERS. THE THEFT OF NATIONAL SECURITY INFORMATION FROM A GOVERNMENT AGENCY OR THE INTERRUPTION OF ELECTRICAL POWER TO A MAJOR METROPOLITAN AREA OBVIOUSLY WOULD HAVE GREATER CONSEQUENCES FOR NATIONAL SECURITY, PUBLIC SAFETY, AND THE ECONOMY THAN THE DEFACEMENT OF A WEB-SITE. BUT EVEN THE LESS SERIOUS CATEGORIES HAVE REAL CONSEQUENCES AND, ULTIMATELY, CAN UNDERMINE PUBLIC CONFIDENCE IN WEB-BASED COMMERCE (E-COMMERCE) AND VIOLATE PRIVACY OR PROPERTY RIGHTS. AN ATTACK (OR "HACK") ON A WEB SITE THAT CLOSES DOWN AN E-COMMERCE SITE CAN HAVE DISASTROUS CONSEQUENCES FOR A WEB-BASED BUSINESS. AN INTRUSION THAT RESULTS IN THE THEFT OF MILLIONS OF CREDIT CARD NUMBERS FROM AN ONLINE VENDOR CAN RESULT IN SIGNIFICANT FINANCIAL LOSS AND, MORE BROADLY, REDUCE CONSUMERS' WILLINGNESS TO ENGAGE IN E-COMMERCE.

BEYOND CRIMINAL THREATS, CYBER SPACE ALSO FACES A VARIETY OF SIGNIFICANT NATIONAL SECURITY THREATS, INCLUDING INCREASING THREATS FROM TERRORISTS.

TERRORIST GROUPS ARE INCREASINGLY USING NEW INFORMATION TECHNOLOGY AND THE INTERNET TO FORMULATE PLANS, RAISE FUNDS, SPREAD PROPAGANDA, AND ENGAGE IN SECURE COMMUNICATIONS. CYBERTERRORISM—MEANING THE USE OF CYBER TOOLS TO SHUT DOWN CRITICAL NATIONAL INFRASTRUCTURES (SUCH AS ENERGY, TRANSPORTATION, OR GOVERNMENT OPERATIONS) FOR THE PURPOSE OF COERCING OR INTIMIDATING A GOVERNMENT OR CIVILIAN POPULATION—IS CLEARLY AN EMERGING THREAT.

ON JANUARY 16, 2002, THE FBI DISSEMINATED AN ADVISORY VIA THE NATIONAL LAW ENFORCEMENT TELECOMMUNICATIONS SYSTEM REGARDING POSSIBLE ATTEMPTS BY TERRORISTS TO USE U.S. MUNICIPAL AND STATE WEB SITES TO OBTAIN INFORMATION ON LOCAL ENERGY INFRASTRUCTURES, WATER RESERVOIRS, DAMS, HIGHLY ENRICHED URANIUM STORAGE SITES, AND NUCLEAR AND GAS FACILITIES. ALTHOUGH THE FBI POSSESSES NO SPECIFIC THREAT INFORMATION REGARDING THESE APPARENT INTRUSIONS, THESE TYPES OF ACTIVITIES ON THE PART OF TERRORISTS POSE SERIOUS CHALLENGES TO OUR NATIONAL SECURITY.

THE FBI RESPONSE TO TERRORISM

THE FBI HAS DEVELOPED A STRONG RESPONSE TO THE THREATS POSED BY DOMESTIC AND INTERNATIONAL TERRORISM. BETWEEN FISCAL YEARS 1993 AND 2003, THE NUMBER OF SPECIAL AGENTS DEDICATED TO THE FBI'S COUNTERTERRORISM PROGRAMS GREW BY APPROXIMATELY 224 PERCENT (TO 1,669--NEARLY 16 PERCENT OF ALL FBI SPECIAL AGENTS). IN RECENT YEARS, THE FBI HAS STRENGTHENED ITS COUNTERTERRORISM PROGRAM TO ENHANCE ITS ABILITIES TO CARRY OUT THESE OBJECTIVES.

THE FBI COUNTERTERRORISM CENTER

AS YOU ARE AWARE, CONGRESSIONAL APPROPRIATIONS HAVE HELPED STRENGTHEN AND EXPAND THE FBI'S COUNTERTERRORISM CAPABILITIES. TO ENHANCE ITS MISSION, THE FBI CENTRALIZED MANY SPECIALIZED OPERATIONAL AND ANALYTICAL FUNCTIONS IN THE FBI COUNTERTERRORISM CENTER.

ESTABLISHED IN 1996, THE FBI COUNTERTERRORISM CENTER COMBATS TERRORISM ON THREE FRONTS: INTERNATIONAL TERRORISM OPERATIONS BOTH WITHIN THE UNITED STATES AND IN SUPPORT OF EXTRATERRITORIAL INVESTIGATIONS, DOMESTIC TERRORISM OPERATIONS, AND COUNTERMEASURES RELATING TO BOTH INTERNATIONAL AND DOMESTIC TERRORISM.

EIGHTEEN FEDERAL AGENCIES MAINTAIN A REGULAR PRESENCE IN THE CENTER AND PARTICIPATE IN ITS DAILY OPERATIONS. THESE

AGENCIES INCLUDE THE CENTRAL INTELLIGENCE AGENCY, THE SECRET SERVICE, AND THE DEPARTMENT OF STATE, AMONG OTHERS. THIS MULTI-AGENCY ARRANGEMENT PROVIDES AN UNPRECEDENTED OPPORTUNITY FOR INFORMATION SHARING, WARNING, AND REAL-TIME INTELLIGENCE ANALYSIS.

INTERAGENCY COOPERATION

THIS SENSE OF COOPERATION ALSO HAS LED TO OTHER IMPORTANT CHANGES. DURING THE PAST SEVERAL YEARS, THE FBI AND CIA HAVE DEVELOPED A CLOSER WORKING RELATIONSHIP THAT HAS STRENGTHENED THE ABILITY OF EACH AGENCY TO RESPOND TO TERRORIST THREATS AND HAS IMPROVED THE ABILITY OF THE U.S. GOVERNMENT TO RESPOND TO TERRORIST ATTACKS THAT DO OCCUR.

AN ELEMENT OF THIS COOPERATION IS AN ONGOING EXCHANGE OF PERSONNEL BETWEEN THE TWO AGENCIES. INCLUDED AMONG THE CIA EMPLOYEES DETAILED TO THE FBI'S COUNTERTERRORISM DIVISION IS A VETERAN CIA CASE OFFICER WHO SERVES AS THE DEPUTY SECTION CHIEF FOR INTERNATIONAL TERRORISM. LIKEWISE, FBI AGENTS ARE DETAILED TO THE CIA, AND A VETERAN SPECIAL

AGENT SERVES IN A COMPARABLE POSITION IN THE CIA'S COUNTERTERRORIST CENTER.

THE NATIONAL INFRASTRUCTURE PROTECTION CENTER

CREATED IN 1998, THE NATIONAL INFRASTRUCTURE PROTECTION CENTER (NIPC) IS AN INTERAGENCY CENTER HOUSED AT FBI HEADQUARTERS THAT SERVES AS THE FOCAL POINT FOR THE GOVERNMENT'S EFFORT TO WARN OF AND RESPOND TO CYBER INTRUSIONS, BOTH DOMESTIC AND INTERNATIONAL. NIPC PROGRAMS HAVE BEEN ESTABLISHED IN EACH OF THE FBI'S 56 FIELD OFFICES.

THE FBI LABORATORY

THE FBI LABORATORY DIVISION HAS DEVELOPED A ROBUST RESPONSE CAPABILITY TO SUPPORT COUNTERTERRORISM INVESTIGATIONS WORLDWIDE. THE FBI'S MOBILE CRIME LABORATORY PROVIDES THE CAPABILITY TO COLLECT AND ANALYZE A RANGE OF PHYSICAL EVIDENCE ON-SCENE, AND HAS BEEN DEPLOYED AT MAJOR CRIME SCENES, INCLUDING THE WORLD TRADE CENTER BOMBING, KHOBAR TOWERS, AND THE EAST AFRICAN EMBASSY BOMBINGS. THE MOBILE CRIME LABORATORY CONTAINS ANALYTICAL INSTRUMENTATION FOR RAPID SCREENING AND TRIAGE OF EXPLOSIVES AND OTHER TRACE EVIDENCE RECOVERED AT CRIME SCENES.

THE LABORATORY ALSO PROVIDES THE CAPACITY TO RAPIDLY RESPOND TO CRIMINAL ACTS INVOLVING THE USE OF CHEMICAL OR BIOLOGICAL AGENTS WITH THE MOBILE, SELF-CONTAINED FLY AWAY LABORATORY (FAL). THE FAL CONSISTS OF TWELVE SUITES OF

ANALYTICAL INSTRUMENTATION SUPPORTED BY AN ARRAY OF EQUIPMENT WHICH ALLOWS FOR SAFE COLLECTION OF HAZARDOUS MATERIALS, SAMPLE PREPARATION, STORAGE, AND ANALYSIS IN A FIELD SETTING. THE MAJOR OBJECTIVES OF THE MOBILE CRIME LABORATORY AND THE FAL ARE TO ENHANCE THE SAFETY OF DEPLOYED PERSONNEL, GENERATE LEADS THROUGH RAPID ANALYSIS AND SCREENING, AND TO PRESERVE EVIDENCE FOR FURTHER EXAMINATION AT THE FBI LABORATORY. IN ADDITION, THE LABORATORY HAS DEVELOPED AGREEMENTS WITH SEVERAL OTHER FEDERAL AGENCIES FOR RAPID AND EFFECTIVE ANALYSIS OF CHEMICAL, BIOLOGICAL, AND RADIOLOGICAL MATERIALS. ONE PARTNERSHIP, THE LABORATORY RESPONSE NETWORK, IS SUPPORTED BY THE CENTERS FOR DISEASE CONTROL AND PREVENTION AND THE ASSOCIATION OF PUBLIC HEALTH LABORATORIES FOR THE ANALYSIS OF BIOLOGICAL AGENTS.

THREAT WARNING

BECAUSE WARNING IS CRITICAL TO THE PREVENTION OF TERRORIST ACTS, THE FBI ALSO HAS EXPANDED THE TERRORIST THREAT WARNING SYSTEM FIRST IMPLEMENTED IN 1989. THE SYSTEM NOW REACHES ALL ASPECTS OF THE LAW ENFORCEMENT AND INTELLIGENCE COMMUNITIES. CURRENTLY, SIXTY FEDERAL AGENCIES AND THEIR SUBCOMPONENTS RECEIVE INFORMATION VIA SECURE TELETYPE THROUGH THIS SYSTEM. THE MESSAGES ALSO ARE TRANSMITTED TO ALL 56 FBI FIELD OFFICES AND 44 LEGATS.

IF THREAT INFORMATION REQUIRES NATIONWIDE UNCLASSIFIED DISSEMINATION TO ALL FEDERAL, STATE, AND LOCAL LAW ENFORCEMENT AGENCIES, THE FBI TRANSMITS MESSAGES VIA THE NATIONAL LAW ENFORCEMENT TELECOMMUNICATIONS SYSTEM. IN ADDITION, THE FBI DISSEMINATES THREAT INFORMATION TO SECURITY MANAGERS OF THOUSANDS OF U.S. COMMERCIAL INTERESTS AROUND THE COUNTRY THROUGH THE AWARENESS OF NATIONAL SECURITY ISSUES AND RESPONSE (ANSIR) PROGRAM. IF WARRANTED, THE EXPANDED NTWS ALSO ENABLES THE FBI TO COMMUNICATE THREAT INFORMATION DIRECTLY TO THE AMERICAN PEOPLE.

ON SEPTEMBER 11, THE FBI ISSUED A NATIONWIDE TERRORIST THREAT ADVISORY VIA THE NATIONAL THREAT WARNING SYSTEM; THIS ADVISORY IS IN PLACE THROUGH MARCH 11, 2002, UNLESS EXTENDED BY THE FBI. SINCE THE TERRORIST ATTACK OF SEPTEMBER 11, THE FBI HAS DISSEMINATED 37 WARNINGS VIA THE NTWS. THE FBI ALSO HAS ISSUED OVER 40 BE ON THE LOOKOUT (BOLO) ALERTS VIA THE NLETS SYSTEM. BOLO ALERTS PROVIDE THE NAMES OF INDIVIDUALS WHO ARE OF INVESTIGATIVE INTEREST TO THE FBI.

THROUGH A 24-HOUR WATCH AND OTHER INITIATIVES, THE NIPC ALSO HAS DEVELOPED PROCESSES TO ENSURE THAT IT RECEIVES RELEVANT INFORMATION IN REAL-TIME OR NEAR-REAL-TIME FROM ALL RELEVANT SOURCES, INCLUDING THE U.S. INTELLIGENCE COMMUNITY, FBI CRIMINAL INVESTIGATIONS, OTHER FEDERAL AGENCIES, THE PRIVATE SECTOR, EMERGING INTRUSION DETECTION SYSTEMS, AND

OPEN SOURCES. THIS INFORMATION IS QUICKLY EVALUATED TO DETERMINE IF A BROAD-SCALE ATTACK IS IMMINENT OR UNDERWAY. IF A CHEMICAL, BIOLOGICAL, NUCLEAR OR RADIOLOGICAL MATERIAL IS THREATENED, THE FBI WEAPONS OF MASS DESTRUCTION OPERATIONS UNIT (WMDOU) CONDUCTS AN INTERAGENCY ASSESSMENT TO DETERMINE THE CREDIBILITY OF THE THREAT, UTILIZING SUBJECT MATTER EXPERTS AND FEDERAL AGENCIES WITH RELEVANT AUTHORITIES. BASED ON THE CREDIBILITY OF THE THREAT, THE WMDOU WILL COORDINATE THE APPROPRIATE RESPONSE BY FEDERAL ASSETS. AS A RESULT OF THIS ANALYSIS, THE FBI CAN ISSUE WARNINGS USING AN ARRAY OF MECHANISMS, AND DISSEMINATE WARNINGS TO APPROPRIATE ENTITIES IN THE U.S. GOVERNMENT AND THE PRIVATE SECTOR SO THAT THEY CAN TAKE IMMEDIATE PROTECTIVE STEPS.

THE FUTURE

I WOULD LIKE TO CONCLUDE BY TALKING BRIEFLY ABOUT STEPS WE CAN TAKE TO FURTHER STRENGTHEN OUR ABILITIES TO PREVENT AND INVESTIGATE TERRORIST ACTIVITY.

ENCRYPTION

ONE OF THE MOST IMPORTANT OF THESE STEPS INVOLVES THE FBI'S ENCRYPTION INITIATIVE. COMMUNICATION IS CENTRAL TO ANY

COLLABORATIVE EFFORT--INCLUDING CRIMINAL CONSPIRACIES. LIKE MOST CRIMINALS, TERRORISTS ARE NATURALLY RELUCTANT TO PUT THE DETAILS OF THEIR PLOTS DOWN ON PAPER. THUS, THEY GENERALLY DEPEND ON ORAL OR ELECTRONIC COMMUNICATION TO FORMULATE THE DETAILS OF THEIR TERRORIST ACTIVITIES.

ALTHOUGH THE FBI, AND THE LAW ENFORCEMENT COMMUNITY AT LARGE, FULLY SUPPORTS THE DEVELOPMENT AND USE OF INNOVATIVE TECHNOLOGIES TO ENSURE THAT THE UNITED STATES REMAINS COMPETITIVE IN TODAY'S GLOBAL MARKET, WE REMAIN EXTREMELY CONCERNED ABOUT THE SERIOUS PUBLIC SAFETY THREAT POSED BY THE PROLIFERATION AND MISUSE OF TECHNOLOGIES THAT PREVENT LAW ENFORCEMENT FROM GAINING ACCESS TO THE PLAINTEXT OF TERRORIST AND/OR SERIOUS CRIMINAL-RELATED EVIDENCE OBTAINED THROUGH EITHER COURT-AUTHORIZED ELECTRONIC SURVEILLANCE OR THE SEARCH AND SEIZURE OF DIGITAL EVIDENCE.

THE USE OF COMMERCIALLY AVAILABLE, NON-RECOVERABLE ENCRYPTION PRODUCTS BY INDIVIDUALS ENGAGED IN TERRORIST AND OTHER SERIOUS CRIMINAL ACTIVITY CAN EFFECTIVELY PREVENT LAW ENFORCEMENT ACCESS TO THIS CRITICAL EVIDENCE. LAW ENFORCEMENT'S INABILITY TO GAIN ACCESS TO THE PLAINTEXT OF ENCRYPTED COMMUNICATIONS AND/OR COMPUTER EVIDENCE IN A TIMELY MANNER SERIOUSLY IMPAIRS OUR ABILITY TO SUCCESSFULLY PREVENT AND PROSECUTE TERRORIST AND/OR OTHER SERIOUS CRIMINAL ACTS.

THIS SIGNIFICANT CHALLENGE TO EFFECTIVE LAW ENFORCEMENT

POSES GRAVE AND SERIOUS PUBLIC SAFETY CONSEQUENCES. UNLESS THE FBI ENHANCES ITS ABILITY FOR GATHERING AND PROCESSING COMPUTER DATA OBTAINED THROUGH ELECTRONIC SURVEILLANCE, SEARCH AND SEIZURE OF COMPUTER EVIDENCE, AND ITS ABILITY TO GAIN ACCESS TO THE PLAIN TEXT OF ENCRYPTED EVIDENCE, INVESTIGATORS AND PROSECUTORS WILL BE DENIED TIMELY ACCESS TO VALUABLE EVIDENCE THAT COULD BE USED TO PREVENT AND SOLVE TERRORIST AND OTHER SERIOUS CRIMINAL ACTS.

JOINT TERRORISM TASK FORCES

COOPERATION AMONG LAW ENFORCEMENT AGENCIES AT ALL LEVELS REPRESENTS AN IMPORTANT COMPONENT OF A COMPREHENSIVE RESPONSE TO TERRORISM. THIS COOPERATION ASSUMES ITS MOST TANGIBLE OPERATIONAL FORM IN THE JOINT TERRORISM TASK FORCES THAT ARE AUTHORIZED IN 44 CITIES ACROSS THE NATION. THESE TASK FORCES ARE PARTICULARLY WELL-SUITED TO RESPONDING TO TERRORISM BECAUSE THEY COMBINE THE NATIONAL AND INTERNATIONAL INVESTIGATIVE RESOURCES OF THE FBI WITH THE STREET-LEVEL EXPERTISE OF LOCAL LAW ENFORCEMENT AGENCIES. THIS COP-TO-COP COOPERATION HAS PROVEN HIGHLY SUCCESSFUL IN PREVENTING SEVERAL POTENTIAL TERRORIST ATTACKS. PERHAPS THE MOST NOTABLE CASES HAVE COME FROM NEW YORK CITY, WHERE THE CITY'S JOINT TERRORISM TASK FORCE

HAS BEEN INSTRUMENTAL IN THWARTING TWO HIGH-PROFILE INTERNATIONAL TERRORISM PLOTS--THE SERIES OF BOMBINGS PLANNED BY SHAYKH RAHMAN IN 1993 AND THE ATTEMPTED BOMBING OF THE NEW YORK CITY SUBWAY IN 1997.

NOT ONLY WERE THESE PLOTS PREVENTED, BUT TODAY, THE CONSPIRATORS WHO PLANNED THEM SIT IN FEDERAL PRISONS THANKS, IN LARGE PART, TO THE COMPREHENSIVE INVESTIGATIVE WORK PERFORMED BY THE JOINT TERRORISM TASK FORCE.

GIVEN THE SUCCESS OF THE JOINT TERRORISM TASK FORCE CONCEPT, THE FBI HAS ESTABLISHED 15 NEW JTTFS SINCE THE END OF 1999. BY THE END OF 2002 THE FBI PLANS TO HAVE ESTABLISHED OR AUTHORIZED JTTFS IN EACH OF ITS 56 FIELD DIVISIONS. BY INTEGRATING THE INVESTIGATIVE ABILITIES OF THE FBI AND LOCAL LAW ENFORCEMENT AGENCIES THESE TASK FORCES REPRESENT AN EFFECTIVE RESPONSE TO THE THREATS POSED TO U.S. COMMUNITIES BY DOMESTIC AND INTERNATIONAL TERRORISTS.

EXPANSION OF FBI LEGATS

THE FBI'S COUNTERTERRORISM CAPABILITIES ALSO HAVE BEEN ENHANCED BY THE EXPANSION OF OUR LEGAT OFFICES AROUND THE WORLD. THESE SMALL OFFICES CAN HAVE A SIGNIFICANT IMPACT ON THE FBI'S ABILITY TO TRACK TERRORIST THREATS AND BRING INVESTIGATIVE RESOURCES TO BEAR ON CASES WHERE QUICK RESPONSE IS CRITICAL. AS I'VE MENTIONED, THE FBI CURRENTLY OPERATES 44 SUCH LEGAT OFFICES. MANY OF THESE HAVE OPENED

WITHIN THE PAST FIVE YEARS IN AREAS OF THE WORLD WHERE IDENTIFIABLE THREATS TO OUR NATIONAL INTERESTS EXIST. WE CANNOT ESCAPE THE DISQUIETING REALITY THAT IN THE 21ST CENTURY, CRIME AND TERRORISM ARE CARRIED OUT ON AN INTERNATIONAL SCALE. THE LAW ENFORCEMENT RESPONSE MUST MATCH THE THREAT. BY EXPANDING OUR FIRST LINE OF DEFENSE, WE IMPROVE THE ABILITY OF THE UNITED STATES TO PREVENT ATTACKS AND RESPOND QUICKLY TO THOSE THAT DO OCCUR. GIVEN THE NATURE OF THE EVOLVING TERRORIST THREAT AND THE DESTRUCTIVE CAPABILITIES NOW AVAILABLE TO TERRORISTS, THE AMERICAN PEOPLE DESERVE NOTHING LESS. THE EXPANSION OF THE NUMBER OF FBI LEGAL ATTACHE OFFICES (LEGATs) AROUND THE WORLD HAS ENHANCED THE ABILITY OF THE FBI TO PREVENT, RESPOND TO, AND INVESTIGATE TERRORIST ACTS COMMITTED BY INTERNATIONAL TERRORISTS AGAINST U.S. INTERESTS WORLDWIDE. AS EVIDENCED BY DEVELOPMENTS IN THE EMBASSY BOMBING CASES IN EAST AFRICA, THE ABILITY TO BRING INVESTIGATIVE RESOURCES TO BEAR QUICKLY IN THE AFTERMATH OF A TERRORIST ACT CAN HAVE SIGNIFICANT IMPACT ON OUR ABILITY TO IDENTIFY THOSE RESPONSIBLE. I ENCOURAGE CONGRESS TO SUPPORT OUR EFFORTS TO COUNTER THE INTERNATIONAL TERRORIST THREAT BY CONTINUING TO SUPPORT EXPANSION OF OUR LEGAT PROGRAM.

RESULTS

IMPROVED ANALYSIS AND OPERATIONAL CAPABILITIES COMBINED WITH INCREASED COOPERATION AND INTEGRATION HAVE ENHANCED THE FBI'S ABILITY TO INVESTIGATE AND PREVENT ACTS OF

TERRORISM.

DOZENS OF DOMESTIC EXTREMISTS HAVE BEEN INDICTED AND PROSECUTED DURING THE PAST TEN YEARS. AMONG THESE ARE TIMOTHY MCVEIGH, WHO CARRIED OUT THE BOMBING OF THE MURRAH FEDERAL BUILDING IN OKLAHOMA CITY IN 1995. MCVEIGH WAS EXECUTED IN JUNE 2001 FOR PERPETRATING THE WORST ACT OF DOMESTIC TERRORISM EVER CONDUCTED IN THE UNITED STATES. MORE RECENTLY, ON JANUARY 25, 2002, ANTI-ABORTION EXTREMIST CLAYTON LEE WAAGNER WAS GIVEN A COMBINED SENTENCE OF OVER 30 YEARS IN PRISON FOR VARIOUS THEFT AND FIREARMS VIOLATIONS. WAAGNER IS ALSO SUSPECTED OF SENDING OVER 250 HOAX ANTHRAX LETTERS TO REPRODUCTIVE SERVICES CLINICS IN OCTOBER AND NOVEMBER 2001.

DURING THE PAST TEN YEARS, MORE THAN 60 SUBJECTS ASSOCIATED WITH INTERNATIONAL TERRORISM HAVE BEEN PROSECUTED IN THE UNITED STATES. THESE INCLUDE RAMZI YOUSEF, OPERATIONAL MASTERMIND OF THE 1993 WORLD TRADE CENTER BOMBING AND A PLOT TO BOMB U.S. AIRLINERS TRANSITING THE FAR EAST (CONVICTED IN MAY 1997); TSUTOMU SHIROSAKI, JAPANESE RED ARMY MEMBER WHO FIRED ROCKETS AT THE U.S. EMBASSY COMPOUND IN JAKARTA, INDONESIA, IN 1986 (CONVICTED IN NOVEMBER 1997); AND GAZI-ABU MEZER AND LAFI KHALIL, EXTREMISTS WHO, IN 1997, NEARLY CARRIED OUT A PLAN TO BOMB THE NEW YORK CITY SUBWAY SYSTEM (CONVICTED IN JULY 1998). YOUSEF AND SHIROSAKI WERE AMONG THE 16 FUGITIVES INDICTED FOR TERRORIST-RELATED ACTIVITIES THAT HAVE BEEN RENDERED TO THE UNITED STATES FROM OVERSEAS

SINCE 1987. THE 1997 PLOT TO BOMB THE NEW YORK SUBWAY WAS NARROWLY AVERTED BY THE FBI/NEW YORK CITY POLICE DEPARTMENT JOINT TERRORISM TASK FORCE.

ON OCTOBER 18, 2001, FOUR *AL-QAEDA* MEMBERS RECEIVED LIFE SENTENCES FOR THEIR ROLES IN A CONSPIRACY TO KILL AMERICANS WHICH RESULTED IN THE AUGUST 1998 EMBASSY BOMBINGS IN EAST AFRICA. MOHAMED RASHED DAOUD AL-OWHALI, KHALFAN KHAMIS MOHAMED, WADIH EL-HAGE, AND MOHAMED SADEEK ODEH WERE CONVICTED EARLIER IN 2001 IN THE SOUTHERN DISTRICT OF NEW YORK (SDNY) ON A VARIETY OF CHARGES RELATED TO THE EMBASSIES BOMBING PLOT. TWO OTHER SUBJECTS IN THIS CASE ARE AWAITING TRIAL IN THE SDNY.

IN DECEMBER 1999 THE COORDINATED EFFORTS OF THE FBI AND OTHER LAW ENFORCEMENT/INTELLIGENCE AGENCIES WERE INSTRUMENTAL IN RESPONDING TO THE MILLENNIUM THREAT EXPOSED WHEN AHMED RESSAM WAS APPREHENDED ATTEMPTING TO SMUGGLE EXPLOSIVES ACROSS THE U.S.-CANADIAN BORDER NEAR SEATTLE. ON APRIL 6, 2001, AFTER A THREE-WEEK TRIAL IN LOS ANGELES, RESSAM WAS FOUND GUILTY ON ALL COUNTS BROUGHT AGAINST HIM. ON MARCH 7, 2001, ABDELGHANI MESKINI, ANOTHER INDIVIDUAL SUSPECTED OF INVOLVEMENT IN THE PLOT TO BOMB THE LOS ANGELES AIRPORT, HAD PLED GUILTY IN THE SOUTHERN DISTRICT OF NEW YORK TO CHARGES OF PROVIDING MATERIAL SUPPORT TO RESSAM. ON JULY 13, 2001, A THIRD SUSPECT SUBJECT, MOKHTAR HAOUARI, WAS CONVICTED OF CHARGES RELATED TO THE PLOT. IN JANUARY OF THIS YEAR, HAOUARI WAS SENTENCED TO 24 YEARS IN

PRISON FOR HIS ROLE IN SUPPORTING RESSAM'S PLOT TO CARRY OUT TERRORIST ACTIVITY IN THE UNITED STATES. ONE INDICTED SUBJECT, ABDELMAJID DAHOUMANE, IS IN ALGERIAN CUSTODY.

IN ADDITION, NUMEROUS INDIVIDUALS HAVE BEEN INDICTED FOR THEIR INVOLVEMENT IN TERRORIST ACTIVITIES AND ARE CURRENTLY BEING SOUGHT BY THE FBI. USAMA BIN LADEN AND 15 OTHER SUBJECTS STAND INDICTED FOR THEIR ROLES IN *AL-QAEDA* AND THE 1998 U.S. EMBASSY BOMBINGS IN EAST AFRICA. THREE ADDITIONAL SUBJECTS ARE IN CUSTODY IN THE UNITED KINGDOM BUT ARE EXPECTED TO BE EXTRADITED SOON TO STAND TRIAL IN THE SDNY.

IN OCTOBER 2001 THE FBI ESTABLISHED THE MOST WANTED TERRORISTS PROGRAM TO FOCUS EXPANDED ATTENTION ON INDICTED TERRORIST SUSPECTS. USAMA BIN LADEN WAS AMONG THE FIRST 22 NAMES PLACED ON THIS LIST. IN JUNE 1998 BIN LADEN HAD BEEN NAMED TO THE FBI'S TOP TEN MOST WANTED FUGITIVES LIST.

CONCLUSION

DESPITE THE CURRENT FOCUS ON INTERNATIONAL TERRORISM, IT IS IMPORTANT TO REMAIN COGNIZANT OF THE FULL RANGE OF THREATS THAT CONFRONT THE UNITED STATES. THESE THREATS CONTINUE TO INCLUDE DOMESTIC AND INTERNATIONAL TERRORISTS. WHILE THE MAJORITY OF ATTACKS PERPETRATED BY DOMESTIC TERRORISTS HAVE PRODUCED LOW CASUALTY FIGURES, THE 169 LIVES CLAIMED IN THE OKLAHOMA CITY BOMBING AND THE POTENTIAL VERY HEAVY LOSS OF LIVES THAT COULD HAVE RESULTED FROM VARIOUS THWARTED

PLOTS DEMONSTRATE THE INTEREST AMONG SOME DOMESTIC EXTREMISTS IN INFLICTING MASS CASUALTIES.

ON SEPTEMBER 11, 2001, THE SCOPE AND SOPHISTICATION OF THE INTERNATIONAL RADICAL *JIHAD* MOVEMENT WAS DEMONSTRATED WITH HORRENDOUS CLARITY WHEN 19 HIJACKERS COMMANDEERED FOUR COMMERCIAL AIRLINERS, CRASHING TWO OF THEM INTO THE WORLD TRADE CENTER, ONE INTO THE PENTAGON, AND THE OTHER INTO A REMOTE FIELD IN PENNSYLVANIA. THIS ATTACK RESULTED IN MORE CASUALTIES THAN ANY OTHER TERRORIST ACT EVER RECORDED.

EVEN AS THE *AL-QAEDA* COMMAND STRUCTURE IN AFGHANISTAN IS DESTROYED, *AL-QAEDA* CELLS IN COUNTRIES AROUND THE WORLD WILL CONTINUE TO POSE A THREAT TO U.S. AND OTHER WESTERN INTERESTS. THE PLOTTERS WHO CARRIED OUT THE SEPTEMBER 11, 2001 ATTACK MAINTAINED A LOW PROFILE AND APPEARED TO ACTIVELY AVOID COMING TO THE ATTENTION OF LAW ENFORCEMENT AGENCIES. SUCH OPERATIONAL DISCIPLINE UNDERSCORES THE CHALLENGE TO U.S. LAW ENFORCEMENT AGENCIES IN UNCOVERING AND DISRUPTING *AL-QAEDA* CELLS IN THE UNITED STATES. ALTHOUGH THE PUBLIC MIND OFTEN GROUPS INTERNATIONAL TERRORISTS INTO A STANDARD STEREOTYPE, SUCH A VIEW FAILS TO ACCOMMODATE SUBTLE BUT IMPORTANT DIFFERENCES IN GOALS AND TACTICS AMONG DIFFERENT EXTREMIST MOVEMENTS. FOR EXAMPLE, THE LOW-LEVEL OPERATIONAL SCOPE OF 17 NOVEMBER (ASSASSINATIONS, SMALL-SCALE BOMBINGS CENTERED PRIMARILY IN ATHENS) REFLECTS THE LIMITED, ETHNOCENTRIC STRATEGIC GOAL OF

THE ORGANIZATION (A NATIONALIST GREEK STATE). BY CONTRAST, THE HIGH-IMPACT, TRANSNATIONAL OPERATIONAL FOCUS OF *AL-QAEDA* AND OTHER GROUPS ASSOCIATED WITH THE INTERNATIONAL RADICAL *JIHAD* MOVEMENT CLEARLY UNDERSCORES A STRATEGIC GOAL TO CONFRONT THE UNITED STATES AND OTHER WESTERN INTERESTS WITH HIGH-CASUALTY ATTACKS ON A GLOBAL SCALE. DESPITE THE MILITARY SETBACKS SUFFERED BY *AL-QAEDA*, EXTREMISTS ADHERING TO THE INTERNATIONAL *JIHAD* MOVEMENT WILL CONTINUE TO FOCUS ON ATTACKS THAT YIELD SIGNIFICANT DESTRUCTION AND HIGH CASUALTIES, THUS MAXIMIZING WORLDWIDE MEDIA ATTENTION AND PUBLIC ANXIETY. IT ALSO APPEARS LIKELY THAT AS GOVERNMENTS "HARDEN" (OR MAKE MORE SECURE) OFFICIAL TARGETS, SUCH AS EMBASSIES AND INTERNATIONAL SCHOOLS, THESE TERRORISTS WILL INCREASINGLY SEEK OUT MORE VULNERABLE "SOFTER" TARGETS, SUCH AS HIGH-PROFILE OFFICES OF MULTINATIONAL FIRMS AND AMERICANS TRAVELING AND WORKING ABROAD.

TERRORISM REPRESENTS A CONTINUING THREAT TO THE UNITED STATES AND A FORMIDABLE CHALLENGE TO THE FBI. IN RESPONSE TO THIS THREAT, THE FBI HAS DEVELOPED A BROAD-BASED COUNTERTERRORISM PROGRAM, BASED ON ROBUST INVESTIGATIONS TO DISRUPT TERRORIST ACTIVITIES, INTERAGENCY COOPERATION, AND EFFECTIVE WARNING. WHILE THIS APPROACH HAS YIELDED MANY SUCCESSES, THE DYNAMIC NATURE OF THE TERRORIST THREAT DEMANDS THAT OUR CAPABILITIES CONTINUALLY BE REFINED AND ADAPTED TO CONTINUE TO PROVIDE THE MOST EFFECTIVE RESPONSE.

1. The Central Intelligence Agency, National Security Agency, Defense Intelligence Agency, the Bureau of Intelligence and Research of the Department of State, intelligence elements of the departments of Defense, Treasury, Energy, and the Drug Enforcement Administration, and intelligence/counterterrorism elements of the FBI.

STATEMENT OF THE HONORABLE GEORGE J. TENET, DIRECTOR OF CENTRAL INTELLIGENCE, ACCOMPANIED BY THE HONORABLE CARL FORD, ASSISTANT SECRETARY OF STATE FOR INTELLIGENCE AND RESEARCH; VICE ADMIRAL THOMAS R. WILSON, DIRECTOR, DEFENSE INTELLIGENCE AGENCY; AND DALE L. WATSON, EXECUTIVE ASSISTANT DIRECTOR, COUNTERTERRORISM AND COUNTERINTELLIGENCE, FEDERAL BUREAU OF INVESTIGATION

Director TENET. Mr. Chairman, I appear before you this year under circumstances that are extraordinary and historic for reasons I need not recount. Never before has the subject of this annual threat briefing had more immediate resonance. Never before have the dangers been more clear or more present.

September 11 brought together and brought home literally several vital threats to the United States and its interests that we have long been aware of. It is the convergence of these threats that I want to emphasize with you today: The connection between terrorists and other enemies of this country; the weapons of mass destruction they seek to use against us; and the social, economic and political tensions across the world that they exploit in mobilizing their followers.

September 11 demonstrated the dangers that arise when these threats converge and remind us that we overlook, at our own peril, the impact of crises in remote parts of the world. This convergence of threats has created a world I will present to you today, a world in which dangers exist not only in those places we have most often focused our attention, but also in other areas that demand it; in places like Somalia, where the absence of a national government has created an environment in which groups sympathetic to al-Qa'ida have offered terrorists an operational base and potential safe haven; in places like Indonesia, where political instability, separatist and ethnic tensions and protracted violence are hampering economic recovery and fueling Islamic extremism; in places like Colombia, where leftist insurgents who make much of their money from drug trafficking are escalating their assault on the government, further undermining economic prospects and fueling a cycle of violence; and finally, Mr. Chairman, in places like Connecticut, where the death of a 94-year-old woman in her own home of anthrax poisoning can arouse our worst fears about what our enemies might try to do to us.

These threats demand our utmost response. The United States has clearly demonstrated since September 11 that it is up to the challenge. But make no mistake: Despite the battles we have won in Afghanistan, we remain a nation at war. Last year I told you that Usama bin Ladin and the al-Qa'ida network were the most immediate and serious threat this country faced. This remains true, despite the progress we have made in Afghanistan and in disrupting the network elsewhere.

We assess that al-Qa'ida and other terrorist groups will continue to plan to attack this country and its interests abroad. Their modus operandi is to continue to have multiple attack plans in the works simultaneously and to have al-Qa'ida cells in place to conduct them.

We know that the terrorists have considered attacks in the U.S. against high-profile government or private facilities, famous landmarks and U.S. infrastructure nodes such as airports, bridges, harbors and dams. High-profile events such as the Olympics or last weekend's Super Bowl also fit the terrorists' interests in striking another blow within the United States that would command worldwide media attention.

Al-Qa'ida also has plans to strike against U.S. and allied interests in Europe, the Middle East, Africa and Southeast Asia. American diplomatic and military installations are at high risk, especially in East Africa, Israel, Saudi Arabia and Turkey. Operations against U.S. targets could be launched by al-Qa'ida cells already in place in major cities in Europe and the Middle East. Al-Qa'ida can also exploit its presence or connections to other groups in such countries as Somalia, Yemen, Indonesia and the Philippines.

Although the September 11 attacks suggest that al-Qa'ida and other terrorists will continue to use conventional weapons, one of our highest concerns is their stated readiness to attempt unconventional attacks against us. As early as 1998, bin Ladin publicly declared that acquiring unconventional weapons was a religious duty. Terrorist groups worldwide have ready access to information on chemical, biological and even nuclear weapons via the Internet, and we know that al-Qa'ida was working to acquire some of the most dangerous chemical agents and toxins.

Documents recovered from al-Qa'ida facilities in Afghanistan show that bin Ladin was pursuing a sophisticated biological weapons research program. We also believe that bin Ladin was seeking to acquire or develop a nuclear device. Al-Qa'ida may be pursuing a radioactive dispersal device, what some call a dirty bomb.

Alternatively, al-Qa'ida or other terrorist groups might also try to launch conventional attacks against the chemical or nuclear industrial infrastructure of the United States to cause widespread toxic or radiological damage.

We are also alert to the possibility of cyber warfare attack by terrorists. September 11 demonstrated our dependence on critical infrastructure systems that rely on electronic and computer networks. Attacks of this nature will become an increasingly viable option for the terrorists as they and other foreign adversaries become more familiar with these targets and the technologies required to attack them.

The terrorist threat goes well beyond al-Qa'ida. The situation in the Middle East continues to fuel terrorism and anti-U.S. sentiment worldwide. Groups like the Palestinian Islamic Jihad and Hamas have escalated their violence against Israel, and the Intifada has rejuvenated once-dormant groups like the Popular Front for the Liberation of Palestine. If these groups feel that U.S. actions are threatening their existence, they may begin targeting Americans directly, as Hizbollah's terrorist wing already does.

We're also watching states like Iran and Iraq that continue to support terrorist groups. Iran continues to provide support, including arms transfers, to the Palestinian rejection groups and Hizbollah. Tehran also has failed to move decisively against al-Qa'ida members who have relocated to Iran from Afghanistan. Iraq

has a long history of supporting terrorists, including giving sanctuary to Abu Nidal.

The war on terrorism, Mr. Chairman, has dealt severe blows to al-Qa'ida and its leadership. The group has been denied its safe haven and strategic command center in Afghanistan. Drawing on both our own assets and increased cooperation from allies around the world, we are uncovering terrorist plans and breaking up their cells. These efforts have yielded the arrest of nearly 1,000 al-Qa'ida operatives in over 60 countries and have disrupted terrorist operations and potential terrorist attacks.

Mr. Chairman, bin Ladin did not believe that we would invade his sanctuary. He saw the United States as soft, impatient, unprepared and fearful of a long bloody war of attrition. He did not count on the fact that we had lined up allies that could help us overcome barriers of terrain and culture. He did not know about the collection and operational initiatives that will allow us to strike with great accuracy at the heart of the Taliban and al-Qa'ida. He underestimated our capabilities, our readiness and our resolve.

That said, I must repeat that al-Qa'ida has not yet been destroyed. It and other like-minded groups remain willing and able to strike at us. Al-Qa'ida's leaders, still at large, are working to reconstitute the organization and resume its terrorist operations. We must eradicate these organizations by denying them their sources of financing, eliminating their ability to hijack charitable organizations for their terrorist purposes. We must be prepared for a long war and we must not falter.

Mr. Chairman, we must also look beyond the immediate danger of terrorist attacks to the conditions that allow terrorism to take root around the world. These conditions are no less threatening to U.S. national security than terrorism itself. The problems that terrorists exploit—poverty, alienation and ethnic tensions—will grow more acute over the next decade. This will especially be the case in those parts of the world that have served as the most fertile recruiting grounds for Islamic extremist groups.

We have already seen in Afghanistan and elsewhere that domestic unrest and conflict in weak states is one of the factors that create an environment conducive to terrorism. More importantly, demographic trends tell us that the world's poorest and most politically unstable regions, which include parts of the Middle East and sub-Saharan Africa, will have the largest youth populations in the world over the next two decades and beyond. Most of these countries will lack the economic institutions or the resources to effectively integrate these youth into their societies.

All of these challenges come together in parts of the Muslim world, and let me give you just one example. One of the places where they converge that has the greatest long-term impact on any society is its educational system. Primary and secondary education in parts of the Muslim world is often dominated by an interpretation of Islam that teaches intolerance and hatred. The graduates of these schools, madrases, provide the foot soldiers for many of the Islamic militant groups that operate throughout the Muslim world.

Let me underscore what the President has affirmed. Islam itself is neither an enemy nor a threat to the United States. But the increasing anger toward the West and toward governments friendly

to us among Islamic extremists and their sympathizers clearly is a threat to us. We have seen and continue to see these dynamics play out across the Muslim world. Our campaign in Afghanistan has made great progress, but the road ahead is fraught with challenges. The Afghan people, with international assistance, are working to overcome a traditionally weak central government, a devastated infrastructure, a grave humanitarian crisis, and ethnic divisions that deepened over the last 20 years of conflict. The next few months will be an especially fragile period.

Let me turn to Pakistan, Mr. Chairman. September 11 and the response to it were the most profound external events for Pakistan since the Soviet invasion of Afghanistan in 1979 and the U.S. response to that. The Musharraf government's alignment with the United States and its abandonment of nearly a decade of support for the Taliban represent a fundamental political shift with inherent political risks because of the militant Islamic and anti-American sentiments that exist within Pakistan.

President Musharraf's intention to establish a moderate, tolerant, Islamic state, as outlined in his 12 January speech, is being welcomed by most Pakistanis, but we still have to confront major vested interests. The speech is energizing debate across the Muslim world about which vision of Islam is the right one for the future of the Islamic community. Musharraf established a clear and forceful distinction between a narrow, intolerant, conflict-ridden vision of the past and an inclusive, tolerant, and peace-oriented vision of the future. The speech also addressed the jihad issue by citing the distinction the prophet Mohammad made between the smaller jihad involving violence and the greater jihad that focuses on eliminating poverty and helping the needy.

Although September 11 highlighted the challenges that India and Pakistan and their relations pose for U.S. policy, the attack on the Indian parliament on December 13th was even more destabilizing, resulting as it did in new calls for military action against Pakistan and subsequent mobilization on both sides. The chance of war between these two nuclear armed states is higher than at any point since 1971. If India were to conduct large-scale offensive operations into Pakistani Kashmir, Pakistan might retaliate with strikes of its own, in the belief that its nuclear deterrent would limit the scope of an Indian nuclear counter-attack.

Both India and Pakistan are publicly downplaying the risks of nuclear conflict in the current crisis. We are deeply concerned, however, that a conventional war, once begun, could escalate into a nuclear confrontation, and here is a place where diplomacy and American engagement has made an enormous difference.

Let me turn to Iraq. Saddam has responded to our progress in Afghanistan with a political and diplomatic charm offensive to make it appear that Baghdad is becoming more flexible on U.N. sanctions and inspection issues. Last month, he sent Deputy Prime Minister Tariq Aziz to Moscow and Beijing to profess Iraq's new openness to meet its U.N. obligations and to seek their support. Baghdad's international isolation is also decreasing as support for the sanctions regime erodes among other states in the region.

Saddam has carefully cultivated neighboring states, drawing them into economically dependent relationships in the hopes of fur-

ther undermining their support for sanctions. The profits he gains from these relationships provide him with the means to reward key supporters, and more importantly to fund his pursuit of weapons of mass destruction. His calculus is never about bettering or helping the Iraqi people.

Let me be clear. Saddam remains a threat. He is determined to thwart U.N. sanctions, press ahead with weapons of mass destruction, and resurrect the military force he had before the Gulf War. Today he maintains his vise grip on the levers of power through a pervasive intelligence and security apparatus, and even his reduced military force, which is less than half of its pre-war size, remains capable of defeating more poorly armed internal opposition and threatening Iraq's neighbors.

As I said earlier, we continue to watch Iraq's involvement in terrorist activities. Baghdad has a long history of supporting terrorism, altering its targets to reflect changing priorities and goals. It has also had contacts with al-Qa'ida. Their ties may be limited by diverging ideologies, but the two sides' mutual antipathy towards the United States and the Saudi royal family suggest that tactical cooperation between them is possible, even though Saddam is well aware that such activity would carry serious consequences.

In Iran, we are concerned that the reform movement may be losing its momentum. For almost five years, President Khatami and his reformist supporters have been stymied by Supreme Leader Khamenei and the hard-liners. The hard-liners have systematically used the unelected institutions they control—the security forces, the judiciary, and the guardians council—to block reforms that challenge their entrenched interests. They have closed newspapers, forced members of Khatami's cabinet from office, and arrested those who have dared to speak out against their tactics.

Discontent with the current domestic situation is widespread, and cuts across the social spectrum. Complaints focus on the lack of pluralism and government accountability, social restrictions and poor economic performance. Frustrations are growing as the populace sees elected institutions such as the Majlis and the presidency unable to break the hardliners' hold on power.

The hard-line regime appears secure for now because security forces have easily contained dissenters and arrested potential opposition leaders. No one has emerged to rally reformers into a forceful movement for change, and the Iranian public appears to prefer gradual reform to another revolution, but the equilibrium is fragile and could be upset by a miscalculation by either the reformers or the hard-line clerics.

For all of this, reform is not dead. We must remember that the people of Iran have demonstrated in four national elections since 1997 that they want change and have grown disillusioned with the promises of the revolution. Social, intellectual and political developments are proceeding. Civil institutions are growing, and new newspapers open as others are closed.

The initial signs of Tehran's cooperation in common cause with us in Afghanistan are being eclipsed by Iranian efforts to undermine U.S. influence there. While Iran's officials express a shared interest in a stable government in Afghanistan, its security forces appear bent on countering American presence. This seeming con-

tradiction in behavior reflects a deep-seated suspicion among Tehran's clerics that the United States is committed to encircling and overthrowing them, a fear that could quickly erupt in attacks against our interests.

We have seen little sign of a reduction in Iran's support for terrorism in the past year. Its participation in the attempt to transfer arms to the Palestinian Authority via the Karine A probably was intended to escalate the violence of the intifada and strengthen the position of Palestinian elements that prefer armed conflict with Israel.

The current conflict between Israel and the Palestinians has been raging for almost a year and a half, and it continues to deteriorate. The violence has hardened the public's positions on both sides and increased the longstanding animosity between Israeli Prime Minister Sharon and Palestinian leader Arafat. Although many Israelis and Palestinians say they believe that ultimately the conflict can only be resolved through negotiations, the absence of any meaningful security cooperation between Israel and the Palestinian Authority, and the escalating and uncontrolled activities of the Palestinian Islamic Jihad and Hamas make progress extremely difficult.

We're concerned that this environment creates opportunities for any number of players, most notably Iran, to take steps that will result in further escalation of violence by radical Palestinian groups. At the same time, the continued violence threatens to weak the political center in the Arab world and increases the challenge for our Arab allies to balance their support for us against the demands of their public.

Mr. Chairman, let me now turn to the subject of proliferation. I would like to start by drawing your attention to several disturbing trends. Weapons of mass destruction programs are becoming more advanced and effective as they mature and as countries of concern become more aggressive in pursuing them. This is exacerbated by the diffusion of technology over time, which enables proliferators to draw on the experience of others, and develop more advanced weapons more quickly than they could otherwise.

Proliferators are also becoming more self-sufficient, and they are taking advantage of the dual-use nature of weapons of mass destruction and missile-related technologies to establish advanced production capabilities and to conduct WMD and missile-related research under the guise of legitimate commercial or scientific activity.

With regard to chemical and biological weapons, the threat continues to grow for a variety of reasons and to present us with monitoring challenges. On the nuclear side, we are concerned about the possibility of significant nuclear technology transfers going undetected. This reinforces our need for closely examining emerging nuclear programs for sudden leaps in capability.

On the missile side, the proliferation of ICBM and cruise missile designs and technology has raised the threat to the United States from weapons of mass destruction delivery systems to a critical threshold. As outlined in our recent national intelligence estimate on the subject, most intelligence community agencies project that by 2015 the U.S. will most likely face ICBM threats from North

Korea and Iran, and possibly Iraq. This is in addition to the long-standing missile forces of Russia and China. Short- and medium-range ballistic missiles pose a significant threat right now.

Mr. Chairman, Russian entities continue to provide other countries with technology and expertise applicable to CW, BW, nuclear and ballistic missile and cruise missile projects. Russia appears to be the first choice of proliferant states seeking the most advanced technology and training. These sales are a major source of funds for Russian commercial and defense industries and military research and development. Russia continues to supply significant assistance on nearly all aspects of Tehran's nuclear program. It is also providing Iran with assistance on long-range ballistic missile.

Chinese firms remain key suppliers of missile-related technologies to Pakistan, Iran and several other countries. This in spite of Beijing's November 2000 missile pledge not to assist in any way countries seeking to develop nuclear-capable ballistic missiles. Most of China's efforts involve solid propellant ballistic missiles, developments for countries that are largely dependent on Chinese expertise and materials. But it has also sold cruise missiles to countries of concern, such as Iran.

North Korea continues to export complete ballistic missiles and production capabilities, along with related raw materials, components and expertise. Profits from these sales help Pyongyang to support its missile and probably other WMD development programs, and in turn generate new products to offer its customers, primarily Egypt, Libya, Syria and Iran.

North Korea continues to comply with the terms of the agreed framework that are directly related to the freeze on its reactor program. But Pyongyang has warned that it is prepared to walk away from the agreement if it concluded that the United States was not living up to its end of the deal.

Iraq continues to build and expand an infrastructure capable of producing weapons of mass destruction. Baghdad is expanding its civilian chemical industries in ways that could be diverted quickly into CW production. We believe Baghdad continues to pursue ballistic missile capabilities that exceed the restrictions imposed by U.N. resolutions. With substantial foreign assistance, it could flight-test a longer-range ballistic missile within the next five years.

We believe that Saddam never abandoned his nuclear weapons program. Iraq maintains a significant number of nuclear scientists, program documentation, and probably some dual-use manufacturing infrastructure that could support a reinvigorated nuclear weapons program. Baghdad's access to foreign expertise could support a rejuvenated program. But our major near-term concern is the possibility that Saddam might gain access to fissile material.

Iran remains a serious concern because of its across-the-board pursuit of weapons of mass destruction and missile capabilities. Tehran may be able to indigenously produce enough fissile material for a nuclear weapon by later this decade.

Mr. Chairman, both India and Pakistan are working on the doctrine and tactics for more advanced nuclear weapons, producing fissile material and increasing their stockpiles. We have continuing concerns that both sides may not be done with nuclear testing. Nor

can we rule out the possibility that either country could deploy their most advanced nuclear weapons without additional testing.

Mr. Chairman, I want to talk about Russia, China and North Korea, and then we will go to questions. And I appreciate the patience, but I think it's important.

Mr. Chairman, with regard to Russia, the most striking development, aside from the issues I have just raised, regarding Russia over the past year has been Moscow's greater engagement with the United States. Even before September 11, President Putin had moved to engage the United States as part of a broader effort to integrate Russia more fully into the West, modernize its economy, and regain international status and influence. This strategic shift away from a zero-sum view of relations is consistent with Putin's stated desire to address many socioeconomic problems that could cloud Russia's future.

During his second year in office, he moved strongly to advance his policy agenda. He pushed the Duma to pass key economic legislation on budget reform, legitimizing urban property sales, flattening and simplifying tax rates, and reducing red tape for small businesses. His support for his economic team and its fiscal rigor positioned Russia to pay back wages and pensions to state workers, and amassed a post-Soviet high of almost $39 billion in reserves. He has pursued military reform. And all of this is promising, Mr. Chairman. He is trying to build a strong presidency that can ensure these reforms are implemented across Russia, while managing a fragmented bureaucracy beset by internal networks that serve private interests.

In his quest to build la strong state, however, we have to be mindful of the fact that he is trying to establish parameters within which political forces must operate. This managed democracy is illustrated by his continuing moves against independent national television companies. On the economic front, Putin will have to take on bank reform, overhaul Russia's entrenched monopolies and judicial reform to move the country closer to a Western-style market economy, and attract much-needed foreign investment.

Putin has made no headway in Chechnya. Despite his hint in September of a possible dialogue with Chechen moderates, the fighting has intensified in recent months, and thousands of Chechen guerrillas and their fellow Arab mujahidin fighters remain. Moscow seems unwilling to consider the compromises necessary to reach a settlement, while divisions among the Chechens make it hard to find a representative interlocutor. The war meanwhile threatens to spill over into neighboring Georgia.

After September 11, Putin emphatically chose to join us in the fight against terrorism. The Kremlin blames Islamic radicalism for the conflict in Chechnya, and believes it to be a serious threat to Russia. Moscow sees the U.S.-led counterterrorism effort, particularly the demise of the Taliban regime, as an important gain in countering the radical Islamic threat to Russia and Central Asia.

So far Putin's outreach to the United States has incurred little political damage, largely because of his strong domestic standing. At the same time, Mr. Chairman, Moscow retains fundamental differences with us, and suspicion about U.S. motive persists among Russian conservatives, especially within the military and the secu-

rity services. Putin has called the intended U.S. withdrawal from the ABM Treaty a mistake, but has downplayed its impact on Russia. At the same time, Russia is likely to pursue a variety of countermeasures and new weapons system to defeat a U.S.-deployed missile defense.

With regard to China, Mr. Chairman, I told you last year that China's drive to become a great power was coming more sharply into focus. The challenge, I said, was that Beijing saw the United States as the primary obstacle to its realization of that goal. This was in spite of the fact that the Chinese leaders at the same time judged that they needed to maintain good ties with us.

A lot has happened in U.S.-China relations over the past year, from the tenseness of the EP–3 episode in April, to the positive image of President Bush and Jiang Zemin standing together in Shanghai last fall, highlighting our shared fight against terrorism.

September 11 changed the context of China's approach to us, but it did not change the fundamentals. China is developing an increasingly competitive economy and building a modern military force with the ultimate objective of asserting itself as a great power in East Asia. And although Beijing joined the coalition against terrorism, it remains skeptical of U.S. intentions in Central and South Asia. It fears that we are gaining regional influence at China's expense, and views our encouragement of a Japanese military role in counterterrorism as support for Japanese rearmament, something that the Chinese firmly oppose.

On the leadership side, Beijing is likely to be preoccupied this year with succession jockeying, as top leaders decide who will get what positions, who will retire at the Party Congress, and in the changeover in government positions that will follow next spring. This preoccupation is likely to translate into a cautious and defensive approach on most policy issues. It probably also translates into a persistently nationalist foreign policy, as each of the contenders in the succession context will be obliged to avoid any hint of being soft on the United States.

Taiwan also remains the focus of China's military modernization programs. Over the past year, Beijing's military training exercises have taken on an increasingly real-world focus, emphasizing rigorous practice and operational capabilities and improving the military's actual ability to use force. This is aimed not only at Taiwan but at increasing the risk to the United States itself in any future Taiwan contingency. China also continues to upgrade and expand the conventional short-range ballistic missile force it has arrayed against Taiwan.

Finally, Mr. Chairman, let me say that with regard to North Korea the suspension last year of engagement between Pyongyang, Seoul and Washington reinforced the concerns I cited last year about Kim Jong-Il's intentions towards us and our allies in Northeast Asia. His reluctance to pursue a constructive dialogue with the South, or to undertake meaningful reforms suggests that he remains focused on maintaining internal control at the expense of addressing the fundamental economic failures that keep the North Koreans mired in poverty, and pose a long-term threat to the country's stability.

North Korea's large standing army continues to be a primary claimant on scarce resources, and we see no evidence that Pyongyang has abandoned its goal of eventual reunification of the peninsula under the North's control.

Mr. Chairman, I skipped some things, and I'll end there, because I think we want to move to questions as soon as you can. I wonder, Mr. Chairman, if I can just respond for a minute to both of your opening statements on the whole terrorism issue and how we proceed ahead, because I think it's important. You get to speak to the American people—so do I—and I think it's important that they hear us on this question.

We welcome the Committee's review of our record on terrorism. It's important we have a record. It is a record of discipline, strategy, focus and action. We are proud of that record. We have been at war with al-Qa'ida for over five years. Our collective success inside Afghanistan bears a reflection of the importance we attach to the problem and a reflection of a demonstrated commitment to expanding our human assets, technical operations, fused intelligence, seamless cooperation with the military. These are things we have been working on very hard over the last five years.

During the millennium threat, we told the President of the United States that there would be between five and 15 attacks against American interests both here and overseas. None of these attacks occurred—primarily because of the result of heroic effort on the part of the FBI and the CIA inside the United States and overseas to ensure that those attacks were not successful.

A year later the COLE was bombed. We lost a battle there. Part of the problem that we need to address as you look at this is not only to assess what we can do unilaterally or in conjunction with our military and law enforcement colleagues, but the countries out there who have often deflected us, or have not recognized there was a terrorism problem, who didn't help us solve problems that we could not solve simply on our own.

In the last spring and summer we saw—in the spring and summer of 2001—again we saw spectacular threat reporting about massive casualties against the United States. These threat reportings had very little texture with regard to what was occurring inside the United States. We again launched a massive disruption effort. We know that we stopped three or four American facilities from being bombed overseas. We know we saved many American lives. We never had the texture that said the date, time and place of the event inside the United States would result in September 11. It was not the result of the failure of attention and discipline and focus and consistent effort, and the American people need to understand that.

What Tom Ridge is doing today in protecting the homeland, in thinking about our border control policies, our visa policies, the relationship between all our organizations—airport security—all of these things must be in place. Intelligence will never give you 100 percent predictive capability on terrorist events.

This community has worked diligently over the last five years, and the American people need to understand that with the resources and authorities and priorities the men and women of the FBI and the CIA performed heroically. Whatever shortcomings we

may have, we owe it to the country to look at ourselves honestly and systematically. But when people use the word "failure," "failure" means no focus, no attention, no discipline—and those were not present in what either we or the FBI did here and around the world.

And we will continue to work at it. But when the information or the secret isn't available, you need to make sure your backside is protected. You need to make sure there is a security regime in place that gives you the prospect of succeeding—and that's what we all need to work on together.

The decision of the President to go inside the sanctuary and take the war to the Taliban and al-Qa'ida may be the most significant thing that happened, because all of this preparation has resulted in destroying that sanctuary, even as we chase everybody around the world. We have disrupted numerous terrorist acts since September the 11th, and we will continue to do so with the FBI. And we welcome the Committee's review. It is important for the American people. But how we paint it is equally important, because they need to know that there are competent men and women who risk their lives and undertake heroic risks to protect them.

Thank you, Mr. Chairman. Thank you, Mr. Vice Chairman.

Chairman GRAHAM. Thank you, Mr. Director.

Mr. Director, we are all concerned about the aftermath of September 11 and what we are doing in order to reduce the prospects of a similar horrific event in the future. One of the issues that you discussed was the fact that Usama bin Ladin did not believe that the United States would retaliate in the way it did.

What was the basis of bin Ladin's failure to appreciate what the consequences of his action should be? And what is your assessment of the similar feelings of other terrorist groups or of the leaders of the nations that you have described as being the most threatening to the United States as to what U.S. response would be to their actions against the interests of the United States here in the homeland or abroad?

Director TENET. Well, sir, obviously in my statement—well, I have never had a chance to talk to bin Ladin—I would love the opportunity some day, and I speculate. But I think that the importance of the sanctuary—I think he always believed it would be denied as a place where we would operate directly. And I think the importance of devastating the central command and control node can't be underestimated. The disruption that's occurred is formidable. And Afghanistan will not be replicated other places in the world.

Other governments with whom we are working with will have to step up to the challenge of recognizing that just because it is Americans who are killed, in fact in the World Trade Center many, many people from many nations were killed. Their law enforcement practices, their visa control systems, their willingness to change their laws to allow us to work with them to disrupt these organizations means that what we need to tell these people is that you cannot operate any place safely in the world, and that rather than go up and down—rather than a focused—you know, one of the problems is people somehow—my fear is six months from now everybody will say, well, the World Trade Center has receded—so the

leadership that the President has shown and the country has shown is going to make a marked difference, because they need to understand that there will be consequences that are very real and very direct to their ability to try and hurt us.

Having said that, we know they'll continue to plan. We know that they will hurt us again. We have to minimize their ability to do so, because there's no perfection in this business.

The importance of Tom Ridge's effort in unifying homeland security cannot be underestimated as the important back end to what we and the FBI do. And as we get better at this, what we hope to do is change the security environment that terrorists operate in. After all, if you look carefully, in our closed session today, if you look at the profile of these 19 or 20 people, most were here legally. Most operated almost as sleeper cells. Most gave the FBI no probable cause to believe something was going to happen. Compartmentation of the information, all of these are very difficult things for us to deal with. And we have to get after it. So that's how I'd answer the question, sir.

Chairman GRAHAM. Mr. Ford, does the State Department and our diplomatic corps feel as if it has sufficient understanding of the opinion of our adversaries, whether they be governments such as those who were described as the axis of evil governments, or non governmental groups such as other terrorist operations—what their expectation is of a U.S. response to an act by them that would be adverse to our interests?

Mr. FORD. Mr. Chairman, I think we all would agree that we never have enough information. We can always use new knowledge about all of these threats that we face. I think that the State Department in general—our embassies overseas, the people here in Washington—feel as if both the President and the Congress are providing us with the resources that we need to be able to not only understand the problems, but also, at least from a Department of State perspective, express U.S. views overseas through our diplomats.

I think if I had to point to one area which I think that the State Department has as a priority, it is increasing the number of young diplomats overseas who are reporting basically on an unclassified basis on various groups—students, labor, business, political leaders to be. Much of that reporting over the last 20 years has been decimated by budget cuts and reductions in the size of the embassies. Secretary Powell is committed to changing that. So I think that we in INR are very grateful for the changes that we see occurring, because there is going to be more information, more knowledge for us to analyze and provide to the Secretary and to others in the community.

Chairman GRAHAM. I am going to pursue this line of questioning further. The order of questioning will be the Vice Chairman, followed by Senators Roberts, Rockefeller, Bayh, DeWine and Kyl.

Mr. Vice Chairman.

Vice Chairman SHELBY. Thank you, Mr. Chairman.

Director Tenet, I think your statement today is—you have laid out a lot of the challenges and a lot of the successes, and we all know that—only maybe the public doesn't all know of a lot of the successes of the CIA and the FBI and NSA, and other members of

the intelligence community. We all know that we have some of the best and dedicated people that you could recruit in America at the CIA, at the FBI, at the NSA—and we can go on—and the DIA and you name it.

But some of us are worried about whether the system they are in is designed to fail. And this would be part, I think, of our overall inquiry which we will be into. But that's another day, and that's a big thing. Because what we are really interested in here is designing a system, helping the intelligence community with funds and with legislative structure to do the job to protect the security of the American people. I think we are all in the same book, the same page and book.

But with that in mind—and you went through it some a few minutes ago, Director Tenet—why were we utterly unaware of the planning and execution of the September 11 attacks? In other words, what went wrong? We know that you are not going, as you laid out, you are not going to ever be 100 percent. But these attacks were so well planned, so well executed, I know they caught us all by surprise, had to catch you by surprise. You weren't shocked, because you warned us before about these type attacks. But the American people ask these questions. We will be asking them, and I know you have asked yourselves those questions.

Director TENET. Well, sir, it's an important question, but I have to tell you that when you do this every day—and we do this every day——

Vice Chairman SHELBY. Absolutely.

Director TENET [continuing]. The shock was not that the attack occurred, but where it occurred. So, was there a piece of information that was collected that led us there? No. Did we know in broad terms that he intended to strike the United States? There is no doubt about that. He started in 1993. They tried to come over the border in Canada during the millennium threat.

The operational difficulties of what you are up against in the United States, when you take the profile of these people—and Dale Watson should speak to this himself—and what they showed, and how little evidence they provided to us in terms of this is something we are now evaluating in terms of what is the profile, how do they operate. How do we talk to states and locals about things? What other changes need to be made?

But is there some piece of information out there, sir, that nobody saw? That's not the case. In fact, in July and August, when we saw the operational tempo around the world go down overseas, it was very clear that what had been planned had been delayed. It was very clear in our own minds that this country was a target. There was no texture to that feeling. We wrote about it, we talked about it, we warned about it. The nature of the warning was almost spectacular. Some people in town thought that this was deception. It was never deception, because of how much we understand this target.

Did we have penetrations of the target? Absolutely. Did we have technical operations? Absolutely. Where did the secret for the planning reside? Probably in the heads of three or four people. And at the end of the day, all you can do is continue to make the effort to steal that secret and break into this leadership structure. And

we have to keep working at it. There will be nothing you do that will guarantee 100 percent certainty. It will never happen.

Vice Chairman SHELBY. What have we learned? What have you learned in the intelligence community that you can share in the open session with the American people?

Director TENET. There are some positive things that have been learned about what you talk about about future structure, about all of the fusion that has occurred—the federation of military intelligence and its analysis; the fusion of how NSA, CIA, and the community operates in terms of bringing all sources together, which we have worked on quite hard over the last five years; the notion that you have—people have said individual disciplines functioning autonomously where information is not shared is simply untrue.

The importance of continuing clandestine human operations to penetrate these groups, the importance of continued cooperation with allied countries around the world who help you do this business is absolutely indispensable. The resources that the President has provided us to enhance our flexibility, to maximize our ability to operate, is a very important lesson. You can't operate in 68 countries without a substantial resource base, and he has given us that opportunity.

So there is an extraordinary knowledge of this target. We did not start from a standing start. We wouldn't have succeeded the way we did with our military and our Bureau colleagues in Afghanistan if we had not known how to act and a lot of the reforms that we have been talking about had not been put in place. The relentless pursuit of the secret and the human penetration of these organizations is something that we have to continue to attempt to do. And that progress over the last five years has been substantial.

Mr. FORD. Mr. Chairman, could I add a comment? INR, as you know, is a very small organization. We are not representative of all of the bigger intelligence organizations. But I think that at least from our perspective, my perspective, I learned one important thing—is that for me getting more money or even more people was not what I—since I didn't get any of that—it wasn't something that I really missed. The fact is that what I couldn't have gotten by without were my people, my experts. People that have been on the job 25, 30 years, 15 years, you can't replace them with 10 rookies. You have one old hand that might train 10 rookies, but you are not going to be able to have the rookies come in and start producing right away. It's something that you have to build for the future.

I don't know about the rest of the community—I think they face the same problem we do—but over the next five to seven years we are losing a good portion of our expertise. So that while we don't have a problem recruiting new people, we are going to have to work on retaining the ones that we have got, and making sure before they leave us that they leave us a legacy of students and apprentices that have learned all the tricks of the trade before they leave. And that's something that I think you can help the DCI and all of us with in terms of thinking long term with personnel. I know it's expensive. I know it's a problem.

You can't have good intelligence without good people, period.

Director TENET. Mr. Chairman, I think it's true.

Chairman GRAHAM. Mr. Director.

Director TENET. I think it's true of all of us. By the year 2005, between 30 and 40 percent of the men and women of CIA will have been there for five years or less. We're about to overhaul the entire compensation and reward system to reflect on keeping the best and the brightest and retaining expertise. But at the end of the day, people matter, and expertise, as is embodied in our Counterterrorism Center and knowledge of the target, can never be replaced.

Vice Chairman SHELBY. We can help, and we will help. Thank you, Mr. Chairman.

Chairman GRAHAM. Senator Roberts.

Senator ROBERTS. Yes, thank you, Mr. Chairman.

There has been a nationwide alert, from time to time, to the law enforcement agencies and the private sector to prepare for the possibility of attacks against critical infrastructure facilities. I know you've had some sit-downs with the Department of Agriculture. When we asked the so-called experts in Emerging Threats Subcommittee in the Armed Services Committee, what keeps you up at night, they would refer to bioterrorism; cyber attacks; chemical warfare; a weapon of mass destruction—i.e. the dirty bomb that you referred to; their use of explosives. But you can list about 100 things, and they'll probably do 101, because that's the definition of a terrorist.

We've had a discussion about the possibility of anybody conducting what I call agriterrorism, or an attack on our food supply, food security. I know when we asked the FBI two or three years ago about the risk and the chance, the risk was very high in terms of chaotic results all throughout the country not only in farm country from an economic standpoint, but the specter of having the National Guard, you know, handing out your food supplies to people who are trying to hoard food.

My question to you is, where is that in your status of worries? And what terrorist groups are the likeliest to conduct such operations?

Director TENET. Well, sir, first, I met with the Secretary of Agriculture last week to discuss this, to discuss a tighter relationship between us in working through this. But one of the things that we're learning, and we'll talk a bit about it more in closed session today, is the BW piece of this seems to be more advanced than anything else, and the focus on pathogens and the development of different strains of diseases.

If you think about what they will try to do to us, this al-Qa'ida/Sunni network—psychological disruption, eat away at the fabric of your people, make it difficult to detect, and when you think about agriterrorism, the food process, all those things—this is something we have to get ahead of. This is something we need to think through a lot harder, because there is vulnerability.

Now, how you quantify it at this moment, I don't have an ability to quantify it, but you do know that you better get ahead of it now, because of the way they exploit vulnerabilities.

Senator ROBERTS. I've said that to Tom Ridge and others. It is so easy to do. And I think the results would be absolutely catastrophic.

Let me ask you another question on assessment of the threat to the United States in our own hemisphere. If there's one area that really represents problems to the daily life and pocketbooks of Americans in regards to drugs, in regards to immigration, in regards to border safety, in regards to energy—because Mexico and also Venezuela do supply a great majority of our energy, not to mention trade—it is Latin and Central America, or what we refer to as the 31 countries of the Southern Command.

I'm very worried about that, more particularly in regards to Venezuela and a fellow name Hugo Chavez, who I think could be another Castro.

I would appreciate your assessment. You do that on page 21 of your testimony. If you could underscore that a little bit, the threat to the U.S. within our own hemisphere, and are there organized terrorist cells in Central and South America that could carry out attacks against our country, such as 9/11?

Director TENET. Sir, obviously, Venezuela is important because they're the third-largest supplier of petroleum. I would say that Mr. Chavez—and the State Department may say this—probably doesn't have the interests of the United States at heart. But at the same time, there is a deterioration in the economic and general conditions in that country that he's responsible for. So I think he's a tough actor for us.

Maybe you want to say some more about that.

Mr. FORD. Well, it seems to me—and I'm not an expert on Chavez or South America—but when you can't solve your basic, fundamental economic problems that Venezuela faces with the natural resources that it has available, you've got to blame somebody. And I think that he's found that it's easier and more politically correct for him in Venezuela to blame us.

Senator ROBERTS. Well, that's what Castro does.

Mr. FORD. That's right. And that's why he joins with Castro in several occasions in voicing concerns about the U.S. That doesn't bother me so much as long as it's just words. But there are also indications that he is sympathetic and helpful to the FARC in Colombia and various other groups. So that I'm sure that all of us are going to be watching very closely to see what goes on in Venezuela and with President Chavez in particular.

Senator ROBERTS. Let me ask you the "axis of evil" question, which has started some meaningful dialogue with our allies overseas, more especially our NATO allies. From a counterterrorism standpoint, what is more threatening about Iran, Iraq and North Korea, in view of the President's State of the Union message, than other countries that are listed as state sponsors of terrorism?

Director TENET. I'm sorry, sir, what is more——

Senator ROBERTS. What is more threatening about these countries? Obviously, the President has indicated you have to go to the source. He has put these countries on notice. There is what I call some meaningful dialogue now as to what that really means. And what I'm asking you to do is to say from a threat standpoint, from a counterterrorism standpoint, what's more threatening about these countries than the others?

Director TENET. Well, sir, first of all, the Iranians and their support for Hizbollah, I mean Hizbollah is a world-class terrorist orga-

nization, and their continued use of Hizbollah and their own surrogates is a very fundamental challenge to American interests.

Senator ROBERTS. I'm for the speech, by the way. I just would like to get your take on it.

Director TENET. Yes, sir. But from a terrorism perspective, their continued use of both terrorist groups and their own IRGC, not only to plan terrorist acts, but to support radical Islamic groups, radical Palestinian groups, undermine the peace process, when you couple that support with a WMD profile, ballistic missiles, nuclear capability, I mean, you have—in a regime controlled by hardliners, you have a series of twin issues in the convergence I talk about that poses substantial risk and challenge to the United States, and we have to pay attention to it.

The North Korean piece, I would say is, look, the ballistic missile threat that we talked about in our Estimate in my testimony, you know, every—the SCUD/Nodong exports are the basis of which so much of this ICBM capability is going to be developed and the ability of countries to mix and match those frames and further threaten us, not just with short-range ballistic missiles, but with longer-range missiles that you have to think about as becoming more prominent to you.

And the Iraqi piece, as I referenced, you know, the WMD profile I gave you and my interest in being very careful about was there a convergence of interest here between al-Qa'ida and the Iraqis, don't know the answer to the question yet—pursuing it very, very carefully. There was a press story today that said CIA dismisses these linkages.

Well, you don't dismiss linkages when you have a group like al-Qa'ida who probably buys and sells all kinds of capabilities for people who have converging interests, whether Sunni or Shi'a, and how they mixed and matched training capabilities, safe harboring, and money is something we're taking a look at.

So nobody dismisses anything. Everybody's on the table, and these networks of terrorism should no longer be thought about purely in terms of the state's interests, what they say publicly, what their obvious interests are and how they see the benefit in hurting the United States.

Senator ROBERTS. I really appreciate that. Let me ask you one more question on what the coffee klatch or the coffee club in Dodge City, Kansas, would ask. And that is, there have been a number of reports, either right or not, that the CIA had downgraded its human intelligence effort in the Afghan region. I know that you have stated very clear that it's not the case, that there were serious shortages of officers within the necessary language qualifications. That probably is the case. And there was a disinclination to get too close to the terrorist networks. Now I'm not trying to put that as a fact; I'm just saying that's background.

But what the fellows at the Dodge City coffee klatch ask me is, if John Walker Lindh could get to talk to Usama bin Ladin, why in the heck couldn't the CIA get an agent closer to him?

Director TENET. Well, I'm not going to do this in open session, but you better tell everybody at the cafe it's not true.

Senator ROBERTS. I got you.

Chairman GRAHAM. Thank you, Senator.

Mr. WATSON. Mr. Chairman, may I just quickly comment?

I know you're interested in the Department of Agriculture, Senator, and they receive all our threat warnings and the information. And additionally, a Department of Agriculture detailee is with us since 9–11, and we're considering that in our Joint Terrorism Task Force.

Senator ROBERTS. I appreciate that. I talked with them yesterday, and they indicate if there was a stovepipe, it doesn't exist anymore.

Mr. WATSON. That's right.

Chairman GRAHAM. Senator Bayh.

Senator BAYH. Thank you, Mr. Chairman. And thank you, gentlemen, for being with us today. I am grateful for your service to our country. I'm reminded of I think it was a quote put on the cover of the budget submission last year, quoting Napoleon to the effect that a well-placed spy is worth two divisions. With the war that we're fighting today, I think that's probably an underassessment. So what you do is vitally, vitally important.

I'm going to direct my questions to Director Tenet. Any of the rest of you who would like to jump in, please feel free to do so.

Director TENET. They would love to comment, too, Senator.

Senator BAYH. I'm sure they would.

I was reminded of something Abraham Lincoln also once said, Director, about your being the only one who was given the opportunity to make an oral statement, about being run out of town on a rail. He said, "Except for the honor of the thing, I would just as soon have passed it up." So in any event, thank you for your presentation.

I'm going to ask about Iran. I'd first like to lay the foundation here a little bit. You indicated, Director, that you've seen little change in Iran's sponsorship of terrorist activities. Based upon that, I would assume that you would still consider them to be the foremost state sponsor of terrorism in the world. That true?

Director TENET. Yes, sir.

Senator BAYH. You also indicated that they were involved in, I think the quote was, across-the-board pursuit of weapons of mass destruction. Now one of their top officials in the last several days has come out and categorically denied that they are involved in seeking chemical, biological or nuclear weapons. So I would assume that his statements are more proof of their mendacity than their innocence, in your opinion.

Is there any doubt in your mind, any doubt whatsoever, that they are vigorously involved in pursuing weapons of mass destruction?

Director TENET. None whatsoever, Senator.

Senator BAYH. Russia and China, you indicated, have been involved in assisting, directly or indirectly, their pursuit of weapons of mass destruction. What should we think about that? If Iran and some of these other regimes are an axis of evil, are Russia and China involved with enabling evil?

Director TENET. Well, sir, I would say that, first of all, they are both separate. The reasons may be different. And at times we have distinctions between government and entities. And that's always—

and I don't want to make it a big distinction, but sometimes you're dealing with both those things.

Senator BAYH. The governments in Beijing and Moscow don't have——

Director TENET. No, sir, I didn't say that. There are instances where you have entities that are doing business. But if you look at the Russian relationship with the Iranians, it's long term, going back to the time of the czars, an interest in a strategic relationship there for a whole host of reasons—access to water, oil and gas, whatever it is.

What is difficult to understand is why the minimal amount of money you would gain from those kinds of activities in generating the kind of threat they pose, not just to us, but to the Russians and Russian interests around the world, would continue to allow cooperation to occur by entities—with or without the government's knowledge—why the government can't do more to get on top of this and ensure that we don't create a ballistic missile threat in the region that will only result in other countries in the region acquiring that capability, will only result in all that. And quite, frankly, this is an issue of dialogue between the President and President Putin.

Senator BAYH. What's your answer to that question? It's so manifestly not in their own long-term self-interest.

Director TENET. Sir, it must be about their perception about how they gain influence. We haven't talked about conventional weapons and the importance of that. But as you're trying to resurrect a modern economy, you don't have a lot of chips to play with. Weapons are one thing you have to play with, expertise of people and other things. And it's incongruous in terms of, on the one hand, you see a Russian behavior and some very positive things President Putin has done in terms of reforming their economy and moving in the right direction; on the other hand, a record on proliferation that I think belies a commitment to the kind of issues and norms that we would expect them to pursue. So this is an ongoing discussion.

But clearly, expertise, foreign assistance, whether it's Russian or Chinese, is the escalator clause in anybody's ability to quickly mix and match capabilities and develop indigenous capabilities. And it is a problem. And you have to get after, in the Chinese sense, a deeply embedded PLA interest in earning income from these kinds of activities. You have to get after strategic influence, particularly what it may buy you in places like the Middle East, where your country will have an increasing oil dependency in the future, and the thought about how you compete against the United States.

But they pursue these for their own reasons. They are inimical to our own interests and relationships that we would like to establish, and they will threaten American forces and interests. So these are problem areas that we have to continue to talk about every year and put them out in the open because they're a problem.

Senator BAYH. It seems to me, in evaluating whether the Russians and the Chinese are truly being cooperative in the war on terror, the fight against proliferation needs to be somewhere fairly up high on the list.

Director TENET. And it's interesting that in the war on terror, they have been cooperative. You see, everybody checks different boxes. We have had good cooperation with the Russians and Chi-

nese on the war on terrorism, and it's an important—you know, this has given the President and the Secretary of State an opportunity to try and transform relationships.

Senator BAYH. Getting back to Iran for a minute, the reason I'm focusing on Iran, Director, is I believe that in the long run, this may be one of the foremost threats facing our country, from that regime. What's the Agency's analysis of the domestic situation within Iran? You mentioned the fact that the moderates had won the last several elections. What's the assessment in terms of them eventually gaining more control over the security and intelligence apparatus in that country?

Director TENET. Well, as I noted in the statement in some detail, I think the jury's out. I think—you know, here's some interesting things to think about. Sixty-three percent of the Iranian population was born after 1979.

They don't have any context to judge this. There have been elections. There's a political dialogue in the country. There's a vibrancy to it.

It's not Iraq in that sense. There are private relationships where these things are discussed. At the same time, you see an immature political opposition. And the immaturity of the opposition is, I think, something to focus on, dealing with an entrenched, tough security apparatus that uses non-elected vehicles to break back and make it more difficult for reform to occur as fast as it might.

So it's an interesting and open question that we have to continue to follow. So, on the one hand, you have behavior on terrorism and weapons of mass destruction that you are deeply troubled about. On the other hand, there appears to be a very big opportunity with people who may want to have nothing to do with all that or something to do with all that. The Iranians may well, in any event, want weapons of mass destruction for their own historic sensibilities of who they are in the region.

But the point is, this is a very conflicted society that is continuing to evolve. And the question is, when does good overcome bad, or when do people who want reform, how fast does the opposition mature? Who's the leader that takes them there? How does it really flow? These are very interesting, difficult questions for us.

Senator BAYH. I assume we're allocating significant resources to that.

Director TENET. We're paying a lot of attention to those targets, sir.

Senator BAYH. Mr. Chairman, I have difficulty seeing the lights from here. Is my time——

Chairman GRAHAM. I'm afraid you're on the red.

Senator BAYH. I'm on the red. Okay, very good. I'd like to thank you, gentlemen. Director, I'd like to thank you. You're doing a very good job, and we want to help you any way we can.

Chairman GRAHAM. The next questioners will be Senators DeWine, Kyl and Edwards. Senator DeWine.

Senator DEWINE. Thank you, Mr. Chairman.

Mr. Watson, have we had long enough to tell what impact the U.S. Patriot Act is having, the anti-terrorism bill? Or is the jury still out on that?

Mr. WATSON. The jury is still out on that. But, Senator, it's been a help, particularly the change in the words of the FISA, the use of the grand jury material, detaining through the INS process and those types of things. But it has been helpful and it will continue to be helpful.

Senator DEWINE. We're interested, many of us, of course, are in seeing what else needs to be done.

Mr. WATSON. There are some items we have under discussion with the department. But as of right now, particularly those areas I mentioned, particularly the national security letters we're able to get out much quicker. We appreciate the Patriot Act.

Senator DEWINE. Mr. Tenet——

Director TENET. Senator, could I comment on that?

Senator DEWINE. Please.

Director TENET. I think that——

Senator DEWINE. I'm just trying to help you out here. You don't have to answer all the questions. Go ahead, Mr. Tenet.

Director TENET. Access to criminal information, grand jury information for threat purposes we've now been provided. It's been a very meaningful contribution to our understanding of a lot of things that we can now do trend analysis on. It's been very, very helpful.

Senator DEWINE. And that was one of the things that we hoped.

Director TENET. Enormously helpful to us.

Mr. WATSON. That has been a tremendous help, yes, absolutely.

Senator DEWINE. Good. Mr. Tenet, let me ask you to speculate, if you could, if you're comfortable in talking about it, in regard to training camps. Training camps have been destroyed. How long does it take to set camps like that back up again? And would you want to speculate about that in public, about the ability to do that?

Director TENET. Well, I guess that's all going to be a function, ultimately, of the interim government, its evolution, our influence.

Senator DEWINE. Well, I don't mean necessarily there.

Director TENET. Well, other places. As you know, there are other places.

Admiral WILSON. I'd like to comment on it.

Senator DEWINE. Admiral.

Admiral WILSON. What was removed in Afghanistan from al-Qa'ida, in my view, was the elimination of their Fort Bragg or their Fort Irwin national training center. And when you arrest terrorists around the world, they come from many different nationalities. They come from different cells and organizations. But virtually all of them have one thing in common. They were all trained in Afghanistan, indoctrinated in the camps. It was truly military-style training that was ongoing. And the best and the brightest of them, they went on up into other kind of terrorist acts.

So it is difficult to establish the scale and the complexity of that kind of an operation that was unmolested in Afghanistan somewhere else, because we are committed to this global war on terrorism. It's expensive. You can't hide it too easily and all those sorts of things. But it essentially was as important to them as I think some of our national training centers are to our military.

Senator DEWINE. That puts it in perspective; appreciate it.

Mr. WATSON. And, Senator, the difference, too, is that we knew about the camps in Afghanistan for years. The difference now is we did something about it. If somebody someplace else tries to build a training center, I'm very confident in my colleagues in Defense and FBI and CIA that they won't be there very long.

Senator DEWINE. I think the President's made that pretty clear.

Senator Roberts asked you, Director, about South America. He talked a little bit about the importance of that. And I guess one of the concerns that we all have is that this is our backyard. It's not an area that has been overrepresented as far as our intelligence community.

And now you have all the other problems that we have and all the drains. We have Colombia. We have Venezuela. We have Argentina. We have the tri-border region. All our drugs come out of this area of the world, or most of them do. We could go on and on and on and on.

So give me a little perspective about how, as the Director, you can deal with that as far as the resources that you have. And also, if you could, give me a little insight into what you see going on in Colombia. Let's assume that the peace negotiations don't turn out. We hope they do. What do you see the FARC doing in the future, and what kind of threat is that to U.S. citizens in Colombia? For example, we see the FARC moving into urban areas more.

Director TENET. Well, let me get to part two, and then, with regard to the first question, we should talk about this in closed session, because it goes to the heart of priorities and allocation of people and resources. But we are stressed. And the war on terrorism alone has resulted in a massive migration of people and resources, and we're trying to balance all these things. Your back door is vitally important. Drugs is very, very important.

But there is a tension about how we allocate these things, Senator, that we're trying to work through right now and make the best judgments we can about how we allocate people around the world. Carl, do you want to say something about that?

Mr. FORD. On that first part, I would only add that all of us, I think, have noticed the coming together of drug traffickers, organized crime, international organized crime, and terrorists, even in the sense of just the logistics arrangement—pass money, do favors for—so that anywhere you have drug traffickers and organized crime and terrorists, you're going to have a problem. Clearly there are a number of places in our own hemisphere that have such problems. Colombia, other parts of South America come to mind.

This is one that it's very difficult to try to focus on the immediate problem. I think we in the intelligence community have to learn flexibility. We have to realize that if you push one button, four buttons someplace else are going to pop out and that we have to design an approach that gives us much greater coverage and depth at the same time. And that's a challenge.

Senator DEWINE. Director, can you just—I know my time is up—could you just answer briefly the question on Colombia?

Director TENET. Well, obviously there's an election coming up. Obviously the peace process is not going forward. We are concerned that the FARC is going to up the ante here and threaten—and par-

ticularly threaten not only Colombians, but us. So this is a situation that we're all watching very carefully.

We have to see how these elections come out and how a new president decides to engage, and then look at how we want to continue on with Plan Colombia and how we think about this problem. But the drug problem is still there. The narcotrafficking, the insurgency, all of these things continue to undermine the fabric of this country. And we need to think our way through, particularly after the election, where we're going to be.

Senator DEWINE. Thank you, Mr. Chairman.

Chairman GRAHAM. Thank you, Senator. Senator Kyl.

Senator KYL. Thank you, Mr. Chairman.

First, to Mr. Tenet or other members of the panel, I'm interested in the policy concomitant to your concerns expressed about controlling technology transfers, especially, as you said, because of the dual-use capabilities of weapons of mass destruction and missile-related technologies. What would be useful to you to better detect and therefore deter such technology transfers?

Director TENET. On the policy side, sir?

Senator KYL. Yes. In other words, you've testified that this is a big problem. And therefore, you must have an idea of what might be done to eradicate the problem.

Director TENET. Sir, one of the challenges we have in designing a new regime is that you find there are lines that are drawn, that activity falls beyond whether it's a complete missile system or components of a missile system. And I haven't looked at the MTCR, but it is a mistake to assume that the regimes that are in place provide us the kind of security that we're looking for. And it's a very important question. I haven't thought through how I'd redesign it. But I know that a lot slips underneath.

And the problem with this issue is as follows. The indigenous capabilities of the people you care about the most, the component that falls outside of the regime, is all they may need to complete that work. So we may have design regimes at one point in time where there was a have-and-have-not quality to this; in other words, the supplier was the dominant actor you wanted to watch.

Well, that's not true anymore. And as a consequence, whatever we design has to acknowledge the fact that things that come in under the transom, that don't neatly fit into a verification regime or a legal framework, are every bit as worrisome to us. But it's an important question.

Mr. FORD. Well, I think that this also goes back to, I think, Senator Roberts' question—the issue of both weapons of mass destruction and terrorism. We have this unusual circumstance where the non-state terrorists, we know they want them. We know they're trying. But they have not yet succeeded in getting weapons of mass destruction.

On the other hand, we have the states that traditionally supported terrorism that are less involved, to some extent, than they were in the past. But they're going gangbusters with weapons of mass destruction. If you look out five, 10 years and you see both of these trends continuing and you think about New York City, you think about the Pentagon, you think about the horrendous danger

that the world faces, not just America, all of a sudden weapons of mass destruction takes on a different context.

Before 9/11, we could talk about terrorism and say, "Let's get tough with this and let's get tough with that." Some of our allies didn't even support us. The difference now is when we talk about proliferation, rather than a new scheme, we need "You're either with us or you're agin' us."

Senator KYL. Sometimes we're our own worst enemy. We've not been as careful about being able to identify the end users, which is what both of you are getting to here. We used to pay a lot of attention to that, and I think you want us to pay more attention to it. And so may I just request—and the reason I point to the light is I have two or three other questions here, and we could talk about this all day—I really would appreciate and I think the committee would appreciate receiving some kind of memorandum from you about ideas of what would be useful to the intelligence community to get a better handle on this problem of technology transfer, dual-use issues, end users and the like. That would be very, very helpful to us.

I was at the Wehrkunde in Munich, Germany, the annual security conference, with our NATO allies. And there were some interesting comments at that conference. I just wanted to confirm a couple of points, Director Tenet, that I think you made earlier.

Minister of Defense Ivanov was a bit indignant about suggestions that Russia was proliferating to Iran, for example, and said, "There is absolutely no evidence that Russia is providing any technology transfer to Iran," although he did say, "except for the nuclear program, which is for peaceful purposes." Is he correct in that statement?

Director TENET. No, sir. And Sergei and I have talked about this privately and directly. So, no, we respectfully disagree.

Senator KYL. Thank you. And let me confirm what I think you told Senator Bayh. Is it still correct to call Iran today the world's largest state sponsor of terrorism or proliferation of terrorism?

Director TENET. Yes, sir, I believe that. Does anybody have a different view?

Senator KYL. Okay. The reason I mentioned that is that the President's speech raised a lot of consternation among some of our allies when he referred to the "axis of evil."

I suggested that he wasn't talking about a group of three countries that were carefully calibrating their policies together, but rather three sides of a triangle, probably identifying the three toughest nuts to crack here in terms of states. And in addition, of course, he made the point there are many other kinds of organizations. Is that perhaps a more correct way to look at what you think he might have intended to say?

Director TENET. I believe so, sir.

Senator KYL. And in that regard, all three of these countries deserve the attention not just of the United States, but we can certainly use the help of our allies in crafting policies that may or may not involve military means, but in crafting policies that would direct our attention jointly to these three separate and big challenges?

Director TENET. Yes, sir, and that their participation with us is absolutely essential if we're not going to experience the outgrowth of their behavior in some catastrophic way as well.

Senator KYL. Mr. Chairman, I can't tell from the lights either, but am I on red?

Chairman GRAHAM. You're in the red zone.

Senator KYL. Thank you. Thank you very much.

Chairman GRAHAM. Senator Edwards.

Senator EDWARDS. Thank you, Mr. Chairman. Good morning, gentlemen.

Director Tenet, I was on the ground in Afghanistan a few weeks ago and had the opportunity to meet with some of our intelligence operatives there and to see the conditions under which they're operating. And I have to tell you it was very impressive—the professionalism, the hard work they're doing, working 24 hours a day under very, very difficult conditions, extreme weather. There may have been running water where I was, but I didn't see it. It was a very impressive operation, and the information they had was also very impressive. So I wanted to tell you that firsthand.

Director TENET. Thank you, sir. They're great people.

Senator EDWARDS. Yeah, very impressive.

But it's obvious there's a lot of work left to be done. Is bin Ladin still alive?

Director TENET. Don't know, sir.

Senator EDWARDS. When is the last time we had information indicating he was still alive?

Director TENET. I'd be happy to talk about all of this in closed session this afternoon.

Senator EDWARDS. I understand that. Is there any information you can give us about that publicly?

Director TENET. No, sir.

Senator EDWARDS. Same question about Omar.

Director TENET. Oh, I believe he's alive, sir.

Senator EDWARDS. Okay. And can you give us any information publicly about the last time we knew his whereabouts?

Director TENET. No.

Senator EDWARDS. Let me switch subjects, if I can, here, to the United States, and, Mr. Watson, let me direct these questions to you. What information can you give us publicly about the presence of al-Qa'ida cells here within the United States and the extent to which you believe we are able to monitor their activity here, without giving away any information.

Mr. WATSON. Sure, and I'm sure we'll talk about this in closed a little more.

Senator EDWARDS. Yes.

Mr. WATSON. There are hundreds of investigations that we have open. I'll comment on that. An interesting point that Senator Shelby raised, I probably should address is, you know, of the 19, the commonalities that we saw in that, a key point to remember is, the 19 individuals all came in legally in the U.S. Thirteen of the 19 came in real late in the process—May, June, July of this past year.

The question I think Senate Shelby was hitting at is, why didn't we detect any of these people? The answer is, there were no contacts with anybody we were looking at inside the United States.

If they needed a driver's license, they paid somebody $50 to $100 to do it. And there's a whole set of commonalities, which I'll be glad to talk to you about in the closed session.

But the answer to your question is, there's an ongoing, very active program of identifying individuals and where these individuals come from. Where we get those leads are from the CIA and from the DIA, document exploitation in Afghanistan. There's a whole myriad of things that happen under this program.

And back to Mr. Tenet's statement, George's statement, quite honestly, with zero contact in the United States of any of our known people with the 19 individuals coming here that we had no information about, intelligence-wise, prior to, through no one's fault, that's how they did it.

Senator EDWARDS. Can you, without disclosing anything that would in any way hinder your investigation, can you tell us whether, yes or no, are there al-Qa'ida cells operating within the United States today?

Mr. WATSON. I think I'll hold that conversation to the closed hearing. There are individuals, obviously, that I mentioned. Are there core cells like the 19? Have we identified anybody that carries the commonalities of the 19? No, not at this process. But if you go back and look at the figures—and I know I'm on your clock, and I'll be real quick about it—if you go back and look the commonalities of the age of the 19, how many of those individuals have come in from the countries that the 19 were from—Saudi Arabia, UAE, Lebanon and Egypt—you have, since December 31st of 1999, you have over 70,000 individuals that have entered the United States under that category. So it's a huge, huge problem, and I look forward to talking to you some more about those numbers.

Senator EDWARDS. Okay. If I can broaden that question—and again, limit this to what you're able to say publicly, please—Hizbollah, Islamic Jihad, Hamas cells within the United States?

Mr. WATSON. Presence in the United States? Absolutely.

Senator EDWARDS. They all have cells within the United States?

Mr. WATSON. Yes.

Senator EDWARDS. Can you tell us anything, without giving us any details, of the pervasiveness of their presence?

Mr. WATSON. No. No, sir, I cannot. No.

Senator EDWARDS. But that is something you'll be able to tell us later?

Mr. WATSON. Yes, sir. I'll be glad to talk to you about that.

Senator EDWARDS. Okay. Let me switch subjects. I've been concerned, and in fact I've introduced legislation on this issue, about the possibility and the potential threat of cyberterrorism. What I'd like, if you would, is to have you address that issue, tell me what you're doing, first starting with how serious is the threat, what is the potential damage from cyberterrorism, and third, what are you doing, and are you working with private business to address that problem?

Mr. WATSON. Sure. First of all, there is a real threat from the cyber arena. We have the National Infrastructure Protection Center set up. It's not owned by the FBI. It's a community center where we've brought down people from DOD and——

Senator EDWARDS. Okay, I don't mean to interrupt you, but tell us first how serious the threat is and what the potential damage is.

Mr. WATSON. The threat, as we have seen in the al-Qa'ida investigations and in terrorism investigations and across the board in criminal investigations, the threat posed by cyber on being able to transmit information, communicate with each other is absolute. And that's the wave of the future. If you're talking specifically, Senator, about the infrastructure and can someone attack the infrastructure through the cyber means, they have the capability, and that's why we put so much time and effort as a community on this.

Senator EDWARDS. And what's the potential for harm if they were successful at doing that?

Mr. WATSON. Sure. A couple of incidents might be if—and these are truly made-up stories here, but what if the FARC decided that for whatever reason they wanted to change U.S. government policy about cocaine spraying or in the drug arena, and they had the capability of saying, if you don't stop that, then we're going to turn all the lights off down in the state of Florida, or we're going to disrupt the power to the northeast part of the United States. That's a threat of the cyber. What if—and I know my time's short here.

But on the defensive side—and if you think about that for a second—and I know this is an open hearing—that is a tremendous threat. We need the capability to be able to understand that and be able to counter that threat. Just real quick on the statistics: 1,200 cases of our National Infrastructure Protection Center last year, over 55 percent had ISPs involved outside the United States.

Senator EDWARDS. Good.

Very quickly, Mr. Chairman.

Director Tenet, you're shaking your head. You obviously agree with that, you consider this a serious threat.

Director TENET. Yes, sir.

Senator EDWARDS. Thank you, Mr. Chairman.

Chairman GRAHAM. Thank you, Senator.

Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman.

First question, I wanted to begin with you, Mr. Tenet, if I could. What is your view of the degree to which the Saudis have cooperated in identifying and capturing suspected terrorists?

Director TENET. Well, sir, I'll give you a short answer and would be pleased to talk about this at length in closed session, but I would tell you that since September 11 we have had excellent cooperation in this regard. And I don't want to go beyond that here.

Senator WYDEN. Can you tell us—and again, I understand the sensitivity in a public session—whether you think that they are moving to deal with the font of terror, these various religious schools that provide the cadre for terror groups?

Director TENET. Sir, I'd like to talk about all that in closed session, thank you.

Senator WYDEN. All right. Cuba is still listed by the administration as a state sponsor of terrorism. Would you give us an example, in your view, of how Cuba currently sponsors terrorism?

Mr. WATSON. From law enforcement's perspective, Cuba certainly harbors a lot of fugitives and individuals that we still are concerned with, particularly the Puerto Rican issue and some other big-time individuals that have been convicted of terrorist crimes.

Mr. FORD. My staff also suggests in the answer to the question in my book that there are 20 ETA members in Cuba, and they provide some degree of safe haven and support to the Colombian FARC and ELN groups. Bogota is aware of this arrangement; apparently it does not object.

Cuban spokesmen revealed in August that Sinn Fein's official representative for Cuba and Latin America, who was one of the three Provisional IRA members arrested in Colombia on suspicion of providing explosives training to the FARC, have been based in Cuba for five years. Some U.S. fugitives continue to live on the island.

Senator WYDEN. What can you tell us, again given the fact that this is a public session, about what is being done to address these threats that you describe?

[Pause.]

Senator WYDEN. Sounds like everybody's tripping over themselves to answer.

Director TENET. I don't have an answer, sir.

Mr. WATSON. On the law enforcement, on the fugitive side, in public I'd rather not say what we're doing at this point in time. But we're certainly working with the intelligence community.

Senator WYDEN. Is there anything else to be said with respect to how we're dealing with this in public?

Director TENET. No, sir, I don't think so.

Senator WYDEN. All right. We'll ask about that in private.

Senator ROBERTS. Will the senator yield? I'm over here.

Chairman GRAHAM. Senator Roberts.

Senator WYDEN. I'd be happy to yield to a Kansan.

Senator ROBERTS. One of the questions that I had was does the intelligence community believe that the resumption of U.S. trade with Cuba could hasten the economic and political reform in Cuba, given the fact that Castro is 77 years old, and that when he passes from the scene—and I was not aware until your commentary that in terms of state-sponsored terrorism that they were exporting terrorism, certainly to the degree that they were before when they were getting, what, $2 billion from the Soviet Union. But post-Castro with a drug cartel taking over Cuba poses, to me, a greater national security problem.

And I'm wondering about your assessment in regards to trade with Cuba so you can hang your hat on getting some kind of an entrepreneurial peg down there so that we can make some progress.

Chairman GRAHAM. Senator, could I ask you to hold that question? I think Senator Wyden had a final question he wanted to ask.

Senator WYDEN. I did have one last question. With your leave, Mr. Chairman, if we could get an answer to Senator Roberts, and then I can ask one additional one.

Chairman GRAHAM. Certainly——

Senator ROBERTS. I'm sorry for taking your time, Ron.

Senator WYDEN. Not at all.

Director TENET. Senator, can I take that for the record? I don't have an answer off the top of my head.

Senator ROBERTS. Certainly. Thank you.

Senator WYDEN. The last question I had deals with technology. I think this would be appropriate for you, Director Tenet. My sense is right now if you look at In-Q-Tel, if you look at the Department of Defense, if you look at the various agencies, we're now having the federal government flooded with vendors and products and a variety of ideas for how to combat terrorism. It is all very constructive. I think we welcome it. And I've read publicly what In-Q-Tel has been trying to do, and I think it's clearly a step in the right direction. But there doesn't seem to be much of a process for evaluating the merits of these various and sundry technologies.

I'm working on legislation now that would establish a national testbed that would allow us, in one place, to look at these various products for potential intelligence-gathering and information-sharing technologies.

We've been pleased at the general comments that you all have made about this idea. I would just like to get a statement in the public domain here whether you think that that is generally a sensible idea to have one place, a national testbed where these products could be examined?

Director TENET. I haven't thought about it. It makes sense. I think that with In-Q-Tel, though, I mean, it's a very focused effort. And we do identify very specific problems and very specific solutions that we've migrated to us, at CIA, when I say "us," and we're also trying to expand this to other elements of the intelligence community. I mean, unclassified environment, you know, access to people and technologies we would never otherwise see; great ability to sort of really get into a world that otherwise would not be open to us. And the technology is applicable to all kinds of problems.

So we feel that it's been very successful as a model. But certainly, sir, some centralized testbed may be, you know, helpful to all.

Mr. WATSON. Senator, I think that would be very helpful in the fact that there are departments and agencies within the federal government that cannot communicate electronically, have different systems. And certainly in the information-sharing world, which we're moving into, it would certainly be very beneficial.

Senator WYDEN. We will have draft legislation to show you with respect to this process of testing for technology. I do think In-Q-Tel is on to some very important initiatives. One of the things that triggered my interest in this is that they've said that they have really been at a loss as to try to figure out how to evaluate all these products.

We'll show you the legislation in draft form shortly.

Thank you, Mr. Chairman.

Admiral WILSON. Senator, I do want to mention, in Defense we have the C4ISR battle lab in Suffolk, where we try to integrate the best ideas in the Joint Task Force commander and, you know, warfighting setting; the Joint Interoperability Test Center, which does the same, technically make sure things interoperate.

So certainly it's been a long-term challenge for us, and we have some steps that are important going in the direction you're talking about. It may not be national, but they may be built on.

Senator WYDEN. Well, you all have worked very closely with us. Dr. Wenegar testified yesterday. My concern is you've got 20 agencies now that are working in areas, for example, like bioterrorism. I've been concerned that you if you have a bioterror attack in a given community it's not possible today to get in one place a list of experts who can assist with this. And what you have, essentially, are all of these agencies proceeding with their own kinds of rules. We'd like to bring this together in one place.

The Administration's been very cooperative in terms of working with us. We'll show you the draft legislation shortly.

And I thank you, Mr. Chairman.

Chairman GRAHAM. Thank you, Senator. Senator Rockefeller.

Senator ROCKEFELLER. Thank you, Mr. Chairman.

A question for Mr. Watson. You know, when we talk about the sort of al-Qa'ida and we talk about the White Aryan Nation, we talk about different groups that are terrorists or capable of doing terrorism, we tend to divide them into categories. And I've never heard anybody address whether or not there is any interaction, either within our country or internationally, among those groups. Now granted, the White Aryan Nation probably doesn't have a very large role in Saudi Arabia, let's say. But what about the whole concept of terrorist groups, potential terrorist groups, cooperating.—I mean, we have groups in our own country that are organized in 34 states, and you know the one I'm talking about. My question is, is there any interaction among these types of groups on the national level and, to whatever extent Director Tenet can tell internationally.

Mr. WATSON. Specific communications, we do see some interaction and communications between groups. But with the explosion of the Internet, we certainly see white supremacist groups in contact with people in Europe, particularly in Germany, et cetera.

We see on the terrorism, on the international terrorism front, we see people here and overseas communicating mainly via the Internet and talking back and forth and communicating that way. Again, we get—we the FBI—a lot of people come in and say you've got an individual down in West Virginia or Houston, Texas, that's complaining against the regime of government. And these are friends of ours. And we have to look at that and take a look at it, and that's something that's protected under the Constitution.

But there are groups that do communicate. We see more and more of that. I don't think you were here when we were talking about the cyber-threat, but that is a real area—a growth area, and we'll see more of that.

Senator ROCKEFELLER. So there's not direct communication vis-a-vis higher-ups or middle-level types getting together and talking, but they use third-party, i.e. the cyber world, in order to do their communicating. But is it communicating of a planning nature, or is it just keeping in touch?

Mr. WATSON. I'm sure we'll talk about this in the closed sessions. There are a lot of indicators and key things we look at as well as

the intelligence community about codes, et cetera. I mean, what are they talking about, what does this mean.

And the Agency has done a great job. The CIA has done a great job of trying to figure out what they're talking about, if they're talking about key words. They do communicate electronically. And I don't want to mislead you in any way to say they do not. But they do.

Senator ROCKEFELLER. Director Tenet, there's always the talk of our coalition. I made a trip recently to the Middle East, and I kept bringing up the subject of Iraq. And I did that provocatively in order to elicit response. And always the question of the power of the coalition or the disintegration of the coalition was brought up in stronger or weaker terms.

But is that not something that we can assume? For me, I'm looking at 20, 25, 30 years of this. And isn't it probable that as we look at coalitions we cannot assume that they're going to sort of stay stable, but that they're going to ebb and flow, that some countries will wander off, that Saudi Arabia may come close to not being particularly friendly to us, maybe perhaps not breaking relations or anything of that sort. But then in two or three years, a series of events could happen, perhaps within that country or whatever, which would bring the coalition back into another form.

So it's an ebb and flow type situation, and we shouldn't try to measure the power of our effort always according to the aggregate sum of whatever value you attach to a coalition?

Director TENET. No, I agree with that. I think the other thing, particularly in that part of the world, is, as you probably—you got a private message and a public message. And you always see two forms. But I think in isolation, without knowledge about what you're thinking, I mean, everybody is very careful.

You're correct. I mean, when you lead, everybody follows. Nothing ensures coalition success like success. And so the replication of—particularly in the war on terrorism. Iraq may be a separable issue, but there's nothing that succeeds in coalescing people when they see progress being made and real results and real will to pursue whatever policy objective you set out. It's when you get into the stage of languish and other things start to undermine what the original focus was that things start to drift away from you.

So that focus and leadership brings people to you. And you should always start from the perspective of—and this is a policy issue; I shouldn't be talking about it—what my leadership means in bringing everybody to me rather than worrying about it from the other side.

Senator ROCKEFELLER. So another way of putting that is the word unilateralism is used sometimes. And I'm not asking for a comment at this point, but the point is that if a country is showing absolute resolve, that that has an effect on what it is that countries who may be somewhat more on the fence or are somewhat worried will, in fact, choose to do with respect to how they coalesce.

Director TENET. Absolutely. And it also has an impact on others whose behavior you're seeking to modify at any moment in time, because that success, they have to be mindful of it. They have to look at the power of your operations and your policy. So that kind

of success also has an impact on behavior you want to change someplace else. So it should not be underestimated.

Senator ROCKEFELLER. Thank you.

Vice Chairman SHELBY [presiding]. The U.S., as we all know, has accomplished something extraordinary with its military operation in Afghanistan, clearly in ways and with capabilities that no other country can match, at least today. How will our successes to date affect other countries' assessments of our role in the world and their relationship to us? And Director Tenet, especially how will such assessments perhaps affect our military intelligence relationship with other nations?

Director TENET. I think that all of these relationships will be affected very positively and powerfully by what we've done.

Vice Chairman SHELBY. Out of respect?

Director TENET. Yes, but they also have seen the power of information-sharing, coalition warfighting, intelligence-sharing. They've seen benefits. And quite frankly—we can talk about this in closed session—the Afghan scenario has revolutionized modern warfare just in terms of technology and its application and the mating of human capabilities on the ground and Special Forces and your air war.

Vice Chairman SHELBY. The ability to project force too.

Director TENET. There are lots of interesting lessons here that we're all obviously going to study. It never gets applied in the same way in the next place or other places, but I think it's had a powerful impact.

Vice Chairman SHELBY. But it's these positive lessons learned, isn't it?

Director TENET. Oh, absolutely, sir.

Admiral WILSON. There's certainly multiple consumers out there that watch our military and intelligence community act, and they think of ways to fight the next war as well. And so we must not rest on the laurels of precision strike and all that stuff, but continue to move through and analyze and understand how our strengths can actually be used as weaknesses.

The other thing is, I think there is some concern expressed by even friends about the widening gap between the U.S. military capability and their own, and that we can do the heavy lifting and then they're in the peacekeeping and the mud and slug and all of that.

Vice Chairman SHELBY. Heavy lifting—you mean project force and——

Admiral WILSON. We have the ability to do—it's a widening gap in military capabilities, and so, as we continue to build coalitions, we need to work hard to capitalize on military, political, intelligence coalitions that can work well together.

Vice Chairman SHELBY. To go to another area that the Director and I have worked together on over the years, that's leaks. The security of our intelligence activities in the fight that we're in is clearly a great concern to the President, to the Secretary of Defense, and, I know, to you, Director Tenet, and the FBI Director. All of you have spoken out against leaks of classified information. How damaging have such public revelations been to the intelligence community's efforts, Director Tenet?

Director TENET. Well, sir, I think you know what I'm going to say here.

Vice Chairman SHELBY. Yes.

Director TENET. But I mean, I think that——

Vice Chairman SHELBY. Well, we're going into a classified hearing later.

Director TENET. Yes. I just need to reinforce that when you throw this information out, it often appears innocuous to someone who's leaking information. That's not the prism to look at it in. It's the adversary's counterintelligence capability——

Vice Chairman SHELBY. That's right.

Director TENET [continuing]. And his ability to put together the pieces of the puzzle that put at risk your human operations, your technical operations, your analytical products, and jeopardizes investment that we've made to protect the American people.

Vice Chairman SHELBY. It's a problem, isn't it?

Director TENET. It continues to be a problem, sir.

Vice Chairman SHELBY. Mr. Watson.

Mr. WATSON. I absolutely agree.

Vice Chairman SHELBY. On behalf of the bureau. Go ahead.

Mr. WATSON. Yes, absolutely, and it limits our ability to obtain additional information, because people are real leery about providing information if they think that's going to get found out.

Vice Chairman SHELBY. Compromised, you say. Admiral Wilson.

Admiral WILSON. I think it could be devastating.

Vice Chairman SHELBY. And it has at times, hasn't it?

Admiral WILSON. To sources and methods.

Vice Chairman SHELBY. Mr. Ford.

Mr. FORD. I couldn't agree more.

Vice Chairman SHELBY. We have a vote on the floor. Of course, Senator Graham, the Chairman, has gone to vote. So I'm going to need to vote. I'm not going to adjourn this Committee, because Senator Graham's coming back. We'll stand in recess till Senator Graham comes back. Is that okay?

Director TENET. Yes, sir.

Vice Chairman SHELBY. Thank you.

[Whereupon, a brief recess was taken.]

Chairman GRAHAM [presiding]. The hearing will reconvene. We are in the midst of one vote, and there'll be another vote following immediately. So we'll probably just have a few more minutes of questioning and then we'll adjourn until 3:30 this afternoon, when we'll reconvene in closed session.

The issue that I'm interested in pursuing is, what are some of the lessons that we learned on September 11, and how are we applying actions against those lessons? In my first round, I asked about the question of deterrence, based on the information that apparently Usama bin Ladin did not believe that we were committed to retaliating, and therefore, that he could take the actions that he did with a sense of impunity. And I'm going to be interested in closed session in pursuing further what we're doing to communicate to other terrorist organizations and nations which might harbor terrorists or provide them with advanced means of weapons of mass destruction, so that they do not make the same mistake that bin Ladin did relative to what our intentions would be.

A second area that has been mentioned is the fact that terrorists crossed our national borders and gained entry to the United States fairly easily. I was surprised to learn that if a U.S. consular office with someone standing in front of them requesting a visa wanted to know what was the criminal background of that individual or if that individual had a criminal background, that, insofar as Interpol is concerned—the international police organization—that for about half the countries in the world, many of the countries that we would be most concerned about, there is no capability of providing that information.

What steps have we taken or would you recommend that we should take at every step in the process of a person gaining entry to the United States, such as the grant of a visa, screening at the point of entry into the United States that would harden our boarders against entry by potential terrorists?

Mr. FORD. Mr. Chairman, there is, as you know, a number of mechanisms already in place through the consular service, through the visa process, through an office in my bureau, which we call TIPOFF. And it's a community resource that provides a list of both known terrorists and also, in some cases, international organized crime figures. This status is supplied by liaison services, by CIA, by FBI, DEA—whoever—so that each of our consular posts has an electronic hookup with our database, that when someone on our list shows up, it doesn't always tell them what the problem is, but it says you don't give a visa to this person unless you check with Washington first. And then we can provide them with the information.

Chairman GRAHAM. Was that system in effect prior to September the 11th?

Mr. FORD. It was.

Chairman GRAHAM. All right.

Mr. FORD. So that, obviously, it's not foolproof. If you have not been picked up as a bad actor by one of our law enforcement agencies, intelligence agencies or one of our ally or friend's agencies, you won't be on the list. You also can have an alias. And you have to balance that in terms of, one, both the economic and other interests that people all over the world have in traveling to the United States. The sheer numbers of people that go through the process, I find staggering. And secondly, there are a lot of countries that we do not require visas; they just simply have to have a passport. So that those people also are very difficult to track.

Chairman GRAHAM. But were any of the terrorists involved in the September 11 attacks from a country where a visa was not required?

Mr. FORD. I'll have to take that question. I don't think so, but I'll check.

[Answer supplied for the record: The "20th hijacker," Zacharias Moussaoui, entered without a visa as a French citizen.]

Admiral WILSON. Senator, I'd like to follow this up in a closed session about a cooperative program that we have ongoing with the Immigration and Naturalization Service, first for counter intelligence, but it has immense applications in this world that we're pursuing rapidly.

Also I wanted to just comment. You mentioned about lessons learned since September 11. And if I had to cite one thing, it would be the value of being on the offense—the value of getting prisoners, the value of getting documents, the value of operating in their lairs, the value of having them move and run and talk and all this. It gives us so much more leverage and options than when you're purely on the defense. And so there's a tremendous value to that. I'm not sure if the lesson's learned, but it's a lesson reinforced.

Chairman GRAHAM. Well, I'm going to hold the further discussion on the immigration issue for the closed session, but to go to the issue of value of being on the offensive, I was interested that in the speech that he gave last week, Secretary Rumsfeld used the term "preemptive strikes," that we would be prepared not to wait until we've been attacked, but if we saw developments that were threatening, to move in a peremptory manner. What are the implications of that commitment to act peremptorily to our intelligence agencies, starting, Admiral Wilson, to the——

Admiral WILSON. First of all, I would say that, you know, most people think of about preemptive strikes in terms of the military, and certainly that is one venue for attack, but I suspect that the Secretary was talking about preemptive strike with all of our national capability: intelligence cooperation, security forces, financial attacks. And it's also combined with this offense, in terms of not just being working on warning and threat levels, but also targeting options, targeting packages, the kind of work you have to do in the military. We talk about preparing the battle space. So we have certainly increased dramatically our efforts in the areas of preparing for future attacks.

Mr. FORD. It's very difficult to go on the offensive without having good intelligence. It's always important. But if you're going after specific groups or individuals, whether through law enforcement or whether it's through military action or diplomatic pressure, you have to have the evidence, you have to have the information to act on. And so that the pressure on all of us has grown considerably after 9/11. We've got to get better.

Chairman GRAHAM. For instance, one of the things that we've talked about that al-Qa'ida used were training grounds. They prepared a whole cadre of people who they then placed around the world to be ready to initiate action. And I think were not all of the 19 hijackers graduates of one of al-Qa'ida's training programs? That would seem to be an example of preemptive strikes. Are we gathering intelligence on the training facilities of other terrorist groups, and are we preparing ourselves with the kind of military, but also other, capabilities to peremptorily take out those training capabilities?

Admiral WILSON. Absolutely.

Chairman GRAHAM. Maybe that's something you'd like to discuss in more detail in closed session.

Director TENET. Maybe. [Laughter.]

Chairman GRAHAM. Are there any other lessons that we have learned from the events of September the 11th that have an implication to our intelligence capabilities?

Mr. WATSON. I think there are some things we probably should talk about in the closed session, some other trends that we saw as

a result of the 19, Senator. Be glad to do that this afternoon with you.

Chairman GRAHAM. Okay.

There are some implications of what happened on September 11 that I would describe as being the over-the-horizon threats. As an example, we know that Afghanistan had been the world's largest producer of heroin. We destroyed a substantial amount of warehoused heroin during our attacks, and I would doubt that this is going to be a friendly growing season for heroin production in Afghanistan in the year 2002. That raises the question of will the world's supply be thus diminished, or will there be other locations that might step forward to take a part of the production that Afghanistan has traditionally provided?

A major heroin producer, relatively recent heroin producer, is Colombia. What do we know about the possibility of a significant increase in heroin production in Colombia to replace what has previously come from Afghanistan? And if our intelligence indicates that is in fact a possibility, what steps can we take to deal with it?

Mr. FORD. Mr. Chairman, I'm not ready to write off so quickly that Afghanistan will no longer be a problem for our counternarcotics efforts.

Chairman GRAHAM. Even in 2002, with the kind of international presence that's going to be in there?

Admiral WILSON. I think actually I've seen some assessments that, because there's relatively more freedom in Afghanistan than there was under the Taliban and people are struggling economically, that there may actually be not a change or even a surge in heroin cultivation.

Mr. FORD. And there is also the storage of crops from before, and that——

Chairman GRAHAM. That's inside or outside of Afghanistan?

Mr. FORD. Inside Afghanistan.

So while I think that it will continue to be a problem, my guess is that 2002 may be a little bit better than 2003, 2004. But it's still a problem. But there's always someone somewhere who seems to find a way to make up for any shortfalls, unfortunately. There's so much money involved that people are prepared to take almost any risk to continue to provide heroin. We're just going to have to keep on top of it.

Director TENET. Senator, why don't we provide you an assessment for the record on what the Crimes and Narcotics Center—take all these facts and put them forward to you in a piece of analysis. I think it might be helpful.

Chairman GRAHAM. All right. And I'm going to hold the rest of my questions until after we reconvene at 3:30. Senator Rockefeller, do you have any final questions?

Senator ROCKEFELLER. I can do it later.

Chairman GRAHAM. We're going to reconvene at 3:30 in a closed session.

If there are no other questions, first, I would like to say that I think one of the lessons that we've learned since September 11 is just how good our intelligence agencies are. The infrastructure that was in place in Central Asia that allowed us to conduct the mili-

tary operation didn't just happen in the afternoon of September 11. It represented a vision of where the United States would have the need to develop information and the maintenance of an infrastructure that put us in a position to have the information when we needed it.

The fact that the first people on the ground in Afghanistan were intelligence officers and that the first casualty in terms of loss of life was an intelligence officer are examples of the dedication and courage of the men and women who represent us through your agencies. And on behalf of the American people, there is a deep recognition and appreciation of what you have done.

And I recognize that much of the commentary, including some today, has been phrased in terms of questioning what happened or what didn't happen. But I hope that the American people understand that those questions are being asked in the sense of how, together, do we take a strong set of agencies and make them even stronger in the face of the new threats that have now become so apparent. And I want to personally express my appreciation for your individual leadership and for the people that you lead so effectively.

Director TENET. Thank you, Senator.

[Whereupon, at 12:25 p.m., the Committee adjourned.]

BOB GRAHAM, FLORIDA, CHAIRMAN
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United States Senate

SSCI #2002-0857

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

February 21, 2002

The Honorable George J. Tenet
Director of Central Intelligence
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Director:

We appreciate your participation in our February 6, 2002 hearing on the current and projected national security threats to the United States. Your willingness to address this important issue in open session was appreciated and made an important contribution, not only to the work of our Committee, but to the American public's awareness of U.S. national security interests.

We are submitting the attached questions for the record to you. The unclassified responses to these questions will be an important part of our hearing transcript which we hope to release as expeditiously as possible. Accordingly, we would appreciate it if you would respond in writing to these questions no later than March 11, 2002.

If there are any questions, please have your staff contact Don Mitchell of our Committee staff at (202) 224-1700. We appreciate your cooperation in this matter.

Sincerely,

Bob Graham
Chairman

Richard C. Shelby
Vice Chairman

Enclosure as stated

QUESTIONS FOR-THE-RECORD

The Intelligence Community's Ability to Monitor Terrorist Activity

1) The Intelligence Community is America's early warning system against threats to American lives and property both here and overseas. What are the Intelligence Community's greatest strengths and deficiencies in monitoring terrorism? What lessons have you learned from September 11, 2001, to address any shortcomings? Do you all believe that you have sufficient resources to fight the war on terrorism?

"The Axis of Evil"

2) In his recent State of the Union message, the President described an "Axis of Evil" consisting of Iran, Iraq and North Korea warranting continued U.S. action. What is the basis for assessing the threat associated with these three countries? From a counterterrorism standpoint, what is more threatening about these countries than others?

Measuring Success in the War on Terrorism

3) What is the analytic assessment of the relationship between the current war on terrorism and the level of threat from terrorism? Is the war successful, if success is measured in lowered threat levels?

The Continuing Threat Posed by al-Qa'ida

4) What is the status of our efforts against suspected al-Qa'ida cells worldwide? How would you characterize the level of cooperation with the U.S. from foreign intelligence services and law enforcement agencies with the al-Qa'ida target? With respect to cooperation with foreign law enforcement agencies, are we hampered by any lack of legal authorities or agreements? How much information has the Intelligence Community obtained on al-Qa'ida from U.S. military operations in Afghanistan? How long will it take all this information to be translated and analyzed? Please characterize the nature and extent of this information. What, if any, information have you obtained regarding possible future terrorist attacks or al-Qa'ida's possession of and ability to use weapons of mass destruction?

Bin Ladin's Whereabouts

5) What is the Intelligence Community's assessment of whether Usama Bin Ladin is alive and where he might be located? What does it say about the level of loyalty and support Bin Ladin still engenders in the Islamic world that he has not been located despite the $25 million "dead or alive" reward being offered for his capture?

Status of U.S. Objectives in Afghanistan

6) President Bush has indicated that among U.S. objectives in Afghanistan are the following: deliver to the U.S. all the leaders of al-Qa'ida who hide in Afghanistan; release all foreign nationals, including U.S. citizens, who have been unjustly imprisoned; closing every terrorist training camp in Afghanistan, and handing over every terrorist, and every person in their support structure, to appropriate authorities; and give the U.S. full access to terrorist training camps, so we can make sure they are no longer operating. Please provide an overview of the status of compliance with these demands. What level of commitment will need to be made to Afghanistan to prevent it from once again becoming a breeding place for international terrorism?

Duration of the War on Terror

7) In his speech to the Joint Session of Congress last September 20, President Bush said of the war on terrorism that "...[i]t will not end until every terrorist group of global reach has been found, stopped and defeated." In your opinion, how long will it take to attain this objective?

Nations Supporting Terrorism

8) In his speech to a Joint Session of Congress last September 20, President Bush stated that "[f]rom this day forward, any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime." The Secretary of State maintains a list of countries that have "repeatedly provided support for acts of international terrorism." Currently, the seven countries on this terrorism list are: Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria. How good is our intelligence on the terrorist related activities of these countries? Has the Intelligence Community noted any increase or diminution of these countries' support to terrorism since last September 11, 2001?

Tracking and Freezing Terrorist Assets

9) A major area of U.S. focus has been tracking and freezing the finances of al-Qa'ida and other terrorist groups. What have we learned about the nature and extent of terrorist financing that we did not know prior to September 11, 2001? Where are our most important information gaps when it comes to terrorist financing?

The Threat of Cyberterrorism

10) The FBI has issued a nationwide alert to law enforcement agencies and the private sector to prepare for the possibility of attacks against critical infrastructure facilities. Do we have any information that al-Qa'ida had the interest or ability to conduct cyberterrorist operations against the U.S.? What terrorist groups are the likeliest to conduct such operations?

Nuclear Terrorism

11) Perhaps the most frightening terrorist tools are nuclear weapons -- including radiological weapons which would disperse hazardous radioactive isotopes. What is the Intelligence Community's assessment of the likelihood that terrorists already possess such weapons? How confident are you that terrorists have not been able to successfully smuggle such nuclear devices into the U.S. already?

Trying Terrorists by Military Tribunals

12) On November 13, 2001, President Bush signed a Military Order pertaining to the detention, treatment and trial of certain non-citizens in the current war against terrorism. Please describe how the Intelligence Community is involved in this process, including the interrogation of prisoners.

Leaks About the Intelligence Community's Role in the War on Terrorism

13) Since September 11, 2001, there has been a significant amount of information in the press regarding the Intelligence Community's work on the war on terrorism -- particularly in Afghanistan. How damaging have these public revelations been to the Intelligence Community's effort and what is being done to plug these leaks?

Possible Terrorist Use of "Conflict Diamonds"

14) The mining and sales of diamonds by parties to armed conflicts -- particularly Angola, Sierra Leone and the Democratic Republic of the Congo -- are regarded as a significant factor fueling such hostilities. These diamonds, known as "conflict diamonds," comprise an estimated 3.7% to 15% of the value of the global diamond trade. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including al-Qa'ida?

The Situation in Iraq

15) What is the likelihood that Saddam Hussein will be in power one year from now? How good is the Intelligence Community's ability to ascertain what is going on in Iraq? What is the likeliest scenario for Iraq when Saddam is removed from the scene? How will Iran and other neighboring countries react to Saddam's departure (e.g., invasion)? What evidence does the Intelligence Community have that Iraq may have been involved in the September 11, 2001, terrorist attacks? If the U.S. were to take military action to remove Saddam from power, what would be the likely reaction to this from U.S. allies, as well as other countries in the region? Is the Iraqi military's readiness at a high enough level to pose a significant threat to neighboring countries? What is the status of Iraq's weapons of mass destruction (WMD) capability?

The Situation in Iran

16) What is the status of President Khatami's hold on power? To what extent has he been an agent for democratic reform? Would it be accurate to characterize Iran as being as democratic a government as any other nation in the Islamic world? What is your assessment of the nature and extent of Iran's support for international terrorism? Does Iran continue to provide assistance to Hizballah in Lebanon and to Islamic-oriented Palestinian groups that oppose the Arab-Israeli peace process, such as Hamas and Palestinian Islamic Jihad (PIJ)? To what extent has the Iranian government provided support to the effort against al-Qa'ida and the Taliban since September 11, 2001? What is the status of Iran's WMD efforts? Does Iran continue to receive weaponry and WMD-related technology from China, Russia and North Korea?

Iranian Missile Capabilities

17) Last December's NIE on the ballistic missile threat states that "Iran is pursuing short- and long-range missile capabilities." Iran has one of the largest missile inventories in the Middle East. The Iranian missile program is designed to confront what specific security threats? Under what circumstances, if any, would Iran be likely to curtail its missile program?

Stability of the Jordanian Regime

18) How stable is the Jordanian regime of King Abdullah? What threats does King Abdullah face from Islamic fundamentalists? What is the likelihood that resurgent Palestinian nationalism will destabilize Jordan?

Saudi Arabia

19) How stable is the Saudi government? What factors would be most likely to bring about change in that country? To what extent are the Saudi government and public supportive of the U.S. led campaign against Usama Bin Ladin and terrorism? To what extent would the removal of U.S. military forces from Saudi Arabia diminish anti-U.S. sentiment both within Saudi Arabia and throughout the Islamic world?

Stability of the Syrian Regime

20) How stable is the regime of President Bashar al Asad of Syria? What are the most significant threats to his regime? What is the status of Syria's weapons of mass destruction infrastructure, as well as its support for international terrorism?

Qadhafi's Hold on Power in Libya

21) What is your assessment of Qadhafi's hold on power in Libya? What is your assessment of Qadhafi's ability to both further and frustrate Western policy objectives in the region? What is the status of Libya's weapons of mass destruction infrastructure, as well as its support for international terrorism?

Possibility of Support to Terrorists by the Palestinian Authority

22) Is there any evidence suggesting that the Palestinian Authority has been involved with or supported terrorist activities in the last year? Who would be the likely successor to Arafat as the head of the Palestinian Authority? What is the likelihood that the Palestinian leadership will become more radical after Arafat leaves the scene?

Vietnam

23) What is your assessment of Vietnam's record on human, religious and labor rights?

The Situation in Georgia

24) How strong is Eduard Shevardnadze's hold on power? To what extent is he making a serious effort to end corruption and strengthen Georgia's economy? What is the status of Georgia's relationship with Russia?

Security of the Russian Nuclear Stockpile

25) What is your assessment of the safety and security of the Russian nuclear stockpile (including weapons grade material)? How does the security of the Russian nuclear stockpile compare to the security of the U.S. nuclear stockpile?

Russia's Closure of Intelligence Facilities in Cuba and Vietnam

26) On October 17, 2001, Russia announced that it will close its large electronic intelligence base in Lourdes, Cuba, as well as its naval base in Cam Ranh Bay, Vietnam. What is the status of the closure of these facilities? What will be the impact of the closure of these facilities on Russia's relations with Cuba and Vietnam?

Chechnya and Russia

27) What is the status of Russia's effort against Chechen guerrillas? Do we have information about a Chechen connection to Usama Bin Ladin?

Russian Military Capabilities

28) If present trends continue, what will be the Russian military's capability to conduct operations 5 years from now? Do these trends indicate the possibility that Russia may soon have insufficient military force to retain order within Russia?

Transfer of Technology from Russia

29) What general trends has the Intelligence Community noticed of scientists, technology and conventional and unconventional military sales from Russia to other nations? What trends have you detected that Russian nuclear materials, BW, CW or ballistic missile-related materials or technology, have found their way to the international black market? What are the implications of these trends for U.S. security?

The India-Pakistan Conflict

30) What is the likelihood that India and Pakistan will go to war within the next year? What is the likelihood that such a conflict would result in an exchange of nuclear weapons? Which nation would likely prevail in such a conflict? Why? What is the likelihood that both India and Pakistan will ultimately agree to accept the Line of Control (LOC) in Kashmir as their international border?

The Situation in North Korea

31) What is the likelihood that North and South Korea will unify within the next 5 years? What is the likelihood that unification between North and South Korea will be a peaceful process? Under what circumstances would a war be likely? How strong is Kim Jong-il's hold on power? Who will likely succeed him?

Cuba After Castro

32) What is the Intelligence Community's current assessment of what will happen in Cuba after Castro passes from the scene? Does the Intelligence Community believe that the resumption of U.S. trade with Cuba could hasten economic and political reform in Cuba?

Colombia

33) To what extent is Colombia's weak economy -- falling exports, lack of progress on fiscal reforms, high unemployment -- having an impact on Colombia's government reform initiatives? What is the likelihood that President Pastrana will be able to reach a final settlement with the Revolutionary Armed Forces of Colombia (FARC) within the next year?

Haiti

34) Haiti's President Aristide has been confronting growing dissent. At what point will his hold on power be jeopardized? What is the likelihood that we will see an increase of Haitian migrants sailing for the U.S. in the next year?

Mexico

35) In the year since his inauguration, how successful has Mexico's President Fox been in bringing about an end to corruption, stepping up the fight against illicit narcotics, focusing more on human rights and generally bringing effective governance to his country?

Implications of U.S. Withdrawal from the ABM Treaty

36) On December 13, 2001, President Bush notified Russia that the U.S. intends to withdraw from the ABM Treaty -- the withdrawal to be completed in June of this year. How will Russia react militarily to the U.S. withdrawal from the ABM Treaty? What will China's likely military reaction be? What is the likelihood that the deployment of a U.S. ballistic missile defense will lead to the escalation of ballistic missile and tactical missile defense systems by other countries, as well as a commensurate increase in the number of ballistic and tactical missiles to overwhelm these defensive systems?

Surprise Missile Attacks

37) In his State of the Union speech, the President alluded to missile defense, noting a threat from surprise missile attacks. What is the basis for assessing this threat? What is the analytic assessment of the effect on threat levels if missile defense is implemented?

WMD Delivery Systems

38) What is the most likely delivery system of weapons of mass destruction (WMD) to be delivered by terrorists or states against the U.S. -- missiles, aircraft or ships? Are the most likely adversaries of the U.S. acquiring weapons of mass destruction and missiles as deterrence or as an offensive military capability to use against the U.S. or its allies?

ICBM Threats to the U.S.

39) Last December, the Intelligence Community released an unclassified version of the National Intelligence Estimate (NIE) entitled "Foreign Missile Developments and the Ballistic Missile Threat Through 2015" which states that "[m]ost Intelligence Community agencies project that before 2015 the United States most likely will face ICBM threats from North Korea and Iran, and possibly from Iraq -- barring significant changes in their political orientations -- in addition to the longstanding missile forces of Russia and China." Please elaborate on the nature and scope of the ICBM threats to the U.S. from these nations. What is the Intelligence Community's assessment of the likelihood that there will be "significant changes" in the political orientations of these nations by 2015 to diminish the ICBM threat to the U.S.?

North Korea's Taepo Dong-2

40) Last December's NIE on the ballistic missile threat states that "North Korea's multiple-stage Taepo Dong-2, which is capable of reaching parts of the United States with a nuclear weapon-sized (several hundred kilogram) payload, may be ready for flight-testing." What will be the impact of the continuation of the North's flight test moratorium on the development of this missile? Under what circumstances would North Korea be likely to use its missile capability against the U.S.? What is the current estimate of the size of North Korea's nuclear weapon arsenal? How confident are we that North Korea is complying with the terms of the 1994 Agreed Framework regarding plutonium production activities in Yongbyon?

Nonmissile Means for Delivering Weapons of Mass Destruction

41) Last December's NIE on the ballistic missile threat states that "[s]everal countries *could* develop a mechanism to launch SRBMs [short-range ballistic missiles], MRBMs [medium-range ballistic missiles], or land-attack cruise missiles from forward-based ships or other platforms; a few are *likely* to do so -- more likely for cruise missiles -- before 2015." Which countries have the capability to threaten U.S. territory with missiles from ships or other platforms? Which nations are the likeliest to do so? What is the Intelligence Community's ability to monitor this threat and provide early warning against an attack?

Foreign Countries Spying on the U.S.

42) An area of concern is what other countries do to spy on U.S. companies. Are more countries getting into the business of using their intelligence services to engage in economic espionage? How do you balance the benefits that come from collecting intelligence on economic issues against the risk that such collection -- or even the mere allegation of it -- could prompt other countries to retaliate by increasing their defensive measures, by spying in turn on U.S. companies, or by becoming anti-American in policy discussions?

The Impact of HIV/AIDS and Other Infectious Diseases

43) What will be the impact of HIV/AIDS on Africa and other countries 10 years from now? Upon which countries is HIV/AIDS affecting the military and economy the most? Where do these trends seem to be heading in the long term? What other infectious diseases -- such as tuberculosis, malaria and hepatitis -- will have the most impact over the next 10 years?

Assessing Environmental Change

44) How will global warming and other environmental factors impact the world's economy over the next decade? To what extent does the Intelligence Community monitor and analyze environmental changes in the world?

Public Disclosure of the Aggregate Intelligence Budget

45) For a number of years, individuals have advocated the public disclosure of the aggregate intelligence budget. In your opinion, what would be the specific threat to U.S. national security from publicly disclosing the aggregate intelligence budget?

Criminal Organizations and Networks

46) What is the likelihood that criminal organizations and networks will expand the scale and scope of their activities over the next 10 years? What is the likelihood that such groups will traffic in nuclear, biological or chemical weapons?

47) Where will the Administration be taking the war against terrorism next? Upon what criteria were the decisions made to expand the efforts to those particular countries? What will be the anticipated effect on the countries in the coalition of these choices? (Explain each coalition country's reaction to each choice -- Iran, Iraq, North Korea, other.)

48) a) With respect to each country that we believe is seeking to acquire weapons of mass destruction and the means to deliver them (intercontinental missiles), what intelligence do you have that shows what each of these countries believes will be the response of the United States if they were to launch against us?

b) What are the U.S. strategies to mitigate the WMD threat in each of these countries?

c) What do we know about the likelihood that these countries would be deterred from using WMD against the U.S. if they knew: (1) that they have a low chance of success, and (2) there would be a massive U.S. response against them? How confident are we in the intelligence we have to answer that question as to each of the countries at issue? If we do not have a high level of confidence, how do you plan to acquire that information?

Central Intelligence Agency

Washington, D.C. 20505

SSCI# 2002 - 1553

8 April 2002

The Honorable Bob Graham
Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are the unclassified responses to the Questions for the Record from the Worldwide Threat Hearing on 6 February 2002.

Should you have any questions regarding this matter, please do not hesitate to call me or have a member of your staff contact Jeff Powell of my staff at (703)482-7642.

An original of this letter is also being sent to Vice Chairman Shelby.

Sincerely,

Stanley M. Moskowitz
Director of Congressional Affairs

Enclosure

The Intelligence Community's Ability to Monitor Terrorist Activity

1) What are the Intelligence Community's greatest strengths and deficiencies in monitoring terrorism? What lessons have you learned from September 11 to address any shortcomings? Do you all believe that you have sufficient resources to fight the war on terrorism?

- The Intelligence Community's ability to draw on existing collection capabilities and cooperation from allies around the world is among its greatest strengths in combating terrorism—particularly efforts against al-Qa'ida, our greatest terrorist threat. These capabilities have resulted in the arrest of nearly 1,000 al-Qa'ida operatives in over 60 countries, and have disrupted terrorist operations and potential terrorist attacks. The IC's collection and operational initiatives also supported strikes against Taliban and al-Qa'ida targets in Afghanistan.

- The IC's close interaction with other US Government agencies in efforts to monitor or disrupt potential terrorist activities is a key strength in countering threats to the continental United States. This includes close collaboration with the FBI, FAA, Secret Service, and other organizations regarding potential domestic threats. Such efforts have produced threat reports that identify travel plans for suspected terrorists to support immigration databases and other tracking systems that identify individuals of concern.

- The IC works closely with other US government agencies and allied governments in countering terrorist threats overseas. These efforts include the dissemination of threat warning reports to overseas facilities and US government agencies to support decisions on protective measures and other efforts to disrupt or mitigate the threat.

- The attacks on 11 September reinforced the IC's assessment that al-Qa'ida practices robust operational security that can frustrate efforts to identify the specific timing and location of some operations. This represents a continuing challenge for the Intelligence Community at a tactical level. The attacks have also reinforced the importance of close collaboration with other US Government agencies on counterterrorism matters—particularly when the threat is not well defined in terms of timing and targets. After 11 September, the CIA and FBI expanded their cooperation by producing a joint, daily terrorist threat assessment for senior officials to keep them apprised of the latest threat developments.

- The worldwide security crackdown since 11 September has forced al-Qa'ida to operate more clandestinely. This complicates Intelligence Community and law enforcement measures to disrupt al-Qa'ida cells already in place in Europe, the Middle East, and elsewhere. We know the group's modus operandi is to have multiple attack plans in the works simultaneously, and to

have cells in place to conduct them long before any attack is to take place. The events of 11 September, therefore, reinforce the importance of maintaining robust collection capabilities while also collaborating with allies around the world in efforts to monitor and disrupt terrorism.

- Although the 11 September attacks and other terrorist events since then demonstrate that terrorists are developing innovative attack schemes while they also continue to use conventional weapons, we are concerned that groups are showing a growing interest in chemical, biological, radiological, and nuclear weapons. Indeed, documents recovered from al-Qa'ida facilities in Afghanistan since 11 September show that Bin Ladin was pursuing a biological weapons research program. The dual use nature of many CW and BW agents complicates our assessment of offensive programs—which can be hidden in plants that are virtually indistinguishable from genuine commercial facilities.

- The Intelligence Community has made significant organizational changes to support the war against terrorism. We will address these and their associated resource issues in a classified response.

"The Axis of Evil"

2) In his recent State of the Union message, the President described an "Axis of Evil" consisting of Iran, Iraq and North Korea warranting continued U.S. action. What is the basis for assessing the threat associated with these three countries? From a counterterrorism standpoint, what is more threatening about these countries than others?

- Iran continues to act as a potentially destabilizing element within the Middle East, primarily by pursuing the acquisition of expanded WMD and ballistic missile capabilities, working against the resumption of Middle East peace negotiations, and supporting terrorist groups.

- Tehran has some of the most advanced WMD and ballistic missile programs in the Middle East. Although Iran has denied that it is developing WMD programs, Iranian leaders have stated that they view ballistic missiles as vital to the security of the regime.

- Although Tehran has denied that it supports terrorism—including Palestinian rejectionist groups and Hizballah—Iranian armaments and ammunition constituted a large portion of the weapons discovered aboard the merchant ship recently seized by Israeli forces.

- Iraq continues to build and expand an infrastructure capable of producing WMD. Baghdad is expanding its civilian chemical industry in ways that could be diverted quickly to manufacturing CW agents, and retains a significant amount of dual-use infrastructure that could support a rejuvenated nuclear weapons program.

- Baghdad also has a history of supporting terrorism, and has often altered its targets to reflect changing priorities and goals, including the aborted terrorist attack planned in 1993 against former President Bush. Iraq has worked to rebuild its intelligence networks aboard and maintains close ties with several Palestinian rejectionist and Iranian opposition terrorist groups, which have the infrastructure and experience to become more active against US interests should Saddam encourage them.

- North Korea remains a proliferator of high concern to the Intelligence Community. Its export of ballistic missiles, system components, and production capabilities—together with P'yongyang's willingness, for a price—to share its expertise on these systems contributes to the threat posed by the North's client states and undermines regional stability.

Measuring Success in the War on Terrorism

3) What is the analytic assessment of the relationship between the current war on terrorism and the level of threat from terrorism? Is the war successful, if success is measured in lowered threat levels?

- The war on terrorism is not yet won, but we have made significant progress during this first stage of the fight. The al-Qa'ida leadership is on the run, command and control are more difficult, and the Afghan safehaven is no longer available for large-scale training and support activities.

- We have delivered a message to state supporters of anti-US terrorism that such activity would carry a heavy price. Increased vigilance on the part of many countries will also moderate the overall threat.

- However, rebel groups around the world that account for the vast majority of terrorist incidents generally are continuing their activities with little or no change. The Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army in Colombia, for example, last year were the source of about 85 percent of the 200 anti-US incidents worldwide—mostly in the form of strikes on oil and gas pipelines.

The Continuing Threat Posed by Al-Qa'ida

4) What is the status of our efforts against suspected al-Qa'ida cells worldwide? How would you characterize the level of cooperation with the US from foreign intelligence services and law enforcement agencies with the al-Qa'ida target? With respect to cooperation with foreign law enforcement agencies, are we hampered by any lack of legal authorities or agreements? How much information has the Intelligence Community obtained on al-Qa'ida from US military operations in Afghanistan? How long will it take all this information to be translated and analyzed? Please characterize the nature and extent of this information. What, if any, information have you obtained regarding possible future terrorist attacks or al-Qa'ida possession of and ability to use weapons of mass destruction?

- The war on terrorism has dealt major blows to al-Qa'ida's network abroad. Our work with cooperative law enforcement and intelligence services has resulted in the arrest of over 1,300 extremists suspected of association with the al-Qa'ida organization in over 70 countries. Some of these arrests have disrupted ongoing terrorist planning.

- Our military campaign in Afghanistan has produced a large volume of information on al-Qa'ida's network and activities, drawn from debriefings of detainees and documentary materials, such as videotapes and training manuals. Most of the materials that we have reviewed thus far have been general in nature, allowing us to flesh out our understanding of al-Qa'ida's leadership, structure, and terrorist capabilities, but some reports have been more actionable, providing leads to operatives abroad or ongoing terrorist planning.

- We cannot provide an unclassified response to the remaining parts of this question.

Bin Ladin's Whereabouts

5) What is the Intelligence Community's assessment of whether Usama Bin Ladin is alive and where he might be located?

- This is a question that we cannot address in an unclassified forum.

Status of U.S. Objectives in Afghanistan

6) President Bush has indicated that among U.S. objectives in Afghanistan are the following: deliver to the U.S. all the leaders of al-Qa'ida who hide in Afghanistan; release all foreign nationals, including U. S. citizens, who have been unjustly imprisoned; closing every terrorist training camp in Afghanistan, and handing over every terrorist, and every person in their support structure, to appropriate authorities; and give the U.S. full access to terrorist training camps, so we can make sure they are no longer operating. Please provide an overview of the status of compliance with these demands. What level of commitment will need to be made to Afghanistan to prevent it from once again becoming a breeding place for international terrorism?

- The Taliban's failure to comply with the President's demands after 11 September prompted the coalition military action – Operation Enduring Freedom - in Afghanistan. The American citizens imprisoned by the Taliban, along with fellow foreign members of the NGO Shelter Now, were freed as a result of the operation.

- All the terrorist training facilities that we knew of beforehand also are closed and large numbers of terrorist personnel have been killed or turned over to our custody.

- We are in the process of evaluating captured al-Qa'ida documents, large volumes of which continue to arrive in the United States. Documents recovered include plans and videos associated with possible terrorist operations.

- Significant work remains to be done in establishing the political stability and security that are needed to prevent Afghanistan from reverting to terrorism incubator. We believe the risk of immediate civil war is low, but attacks on targets of opportunity or assassinations of officials could destabilize regions or undermine the Afghan Interim Administration (AIA). Security is most precarious in smaller cities and some rural locations—especially in contested areas such as the east's Paktia and Khowst Provinces.

- The residual al Qai'da/Taliban fighters and the warlords represent the most significant immediate threat to undermining the AIA. These remnant elements—particularly al Qai'da--are presently well-placed to co-opt local or tribal leaders and use them to re-establish a base from which to challenge the central government's authority and undermine its credibility.

- Reconstruction may be the single most important factor in increasing security throughout Afghanistan and preventing it from again becoming a haven for terrorists—while enhancing the credibility and extending the writ of the central government. This is a long-term process that will require years. Engaging

Afghans in rebuilding their country will give them a means to earn a living and could give them an incentive to preserve their communities against any effort by al Qai'da elements to regain a political *entré*. It would also help reconstitute Afghanistan's labor force.

Duration of the War on Terror

7) In his speech to the Joint Session of Congress last September 20, President Bush said of the war on terror that "...[i] t will not end until every terrorist group of global reach has been found, stopped and defeated." In your opinion, how long will it take to attain this objective?

- While we are striking major blows against al-Qa'ida—the preeminent global terrorist threat—the underlying causes that drive terrorists will persist. Several troublesome global trends—especially the growing demographic youth bulge in developing nations whose economic systems and political ideologies are under enormous stress—will fuel the rise of more disaffected groups willing to use violence to address their perceived grievances.

- These trends are fueling a growing backlash against globalization itself. Although we view globalization as having been the driver of the world economy in recent years, it has come under attack from those who see it as the source of income disparities, unemployment, slower growth, and financial crises.

Nations Supporting Terrorism

8) In his speech to a Joint Session of Congress last September 20, President Bush stated that "from this day forward, any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime." The Secretary of State maintains a list of countries that have "repeatedly provided support for acts of international terrorism." Currently there are seven countries on the State Department's list of state sponsors of terrorism— Iran, Iraq, Syria, Libya, North Korea, Cuba, and Sudan. How good is our intelligence on the terrorist activities of these countries? Has the Intelligence Community noted any increase or diminution of these countries' support to terrorism since September 11, 2001?

- Collecting intelligence on what level and types of support these seven states provide to terrorist groups is one of the Intelligence Community's highest priorities. The collection surge against terrorism—thanks in large part to strong Congressional support—will boost our capabilities.

- Iran continues to provide support—including arms transfers—to Palestinian rejectionist groups and Hizballah.

- Iraq has a long history of supporting terrorists, including giving sanctuary to Abu Nidal.

- Syria refuses to restrain Hizballah and Palestinian rejectionist groups. Damascus provides political and logistic support to groups engaged in the Palestinian intifada until a negotiated settlement on the Golan is achieved with Israel. Damascus generally upheld its agreement with Ankara not to support the Kurdish PKK.

- Since 11 September, Libyan leader Mu'ammar Qadhafi repeatedly condemned terrorism, publicly supported the US right to retaliate against al-Qa'ida, and called attention to his efforts to bring Usama Bin Ladin to justice through Interpol for alleged activities against the Libyan Government.

- North Korea, which seeks to escape the economic and strategic consequences of its pariah status, has little incentive in this international environment to order a terrorist operation, either directly or by proxy. Pyongyang, however, continues to provide safehaven to members of the Japanese Communist League-Red Army.

- Cuba likely is unable to provide significant assistance to international terrorist groups because of its limited resources, but Castro continues to allow members of ETA, the FARC, and ELN to live and receive medical care in Cuba.

- Although Sudan has taken steps to crack down on some terrorists, others remain present in Sudan. Sudan condemned the 11 September attacks, and the United Nations recognized Sudan's positive steps against terrorism last year by removing UN sanctions in late September. Sudan continues to demonstrate increased willingness to cooperate with us against terrorism.

Tracking and Freezing Terrorist Assets

9) A major area of U.S. focus has been tracking and freezing the finances of al-Qa'ida and other terrorist groups. What have you learned about the nature and extent of terrorist financing that we did not know prior to September 11, 2001? Where are our most important information gaps when it comes to terrorist financing?

- The breadth and depth of our knowledge of terrorist financing has improved since September 11. Although we were aware that Usama Bin Ladin provided tens of millions of dollars a year to the Taliban, other terrorist groups, and his own terrorist infrastructure, we have learned new details on the importance that al-Qa'ida placed on fundraising and finance from the dismantlement of several al-Qa'ida cells and the capture of al-Qa'ida members in Afghanistan. The organization tries to raise funds from mosques, Islamic charities, and individuals—rich and poor—throughout much of the world. This has helped corroborate our view that al-Qa'ida relies on a steady stream of contributions.

- Since September 11, we have devoted substantially greater resources to the terrorist finance effort and have found solid information on al-Qa'ida financial links to numerous regions of the world, such as East Asia, Europe, and the United States. Financial links have helped establish al-Qa'ida associations in several US cities, Spain, the United Kingdom, and elsewhere that have been disrupted by arrests and asset freezes.

- We will never be able to stop all terrorist money flows, but we can definitely slow the rate of terrorist funding and fundraising with foreign cooperation in investigating and freezing accounts, and targeting those that finance terrorists with the same vigor that we target terrorist operatives.

The Threat of Cyber-terrorism

10) The FBI has issued a nationwide alert to law enforcement agencies and the private sector to prepare for the possibility of attacks against critical infrastructure facilities. Do we have any information that al-Qa'ida had the interest or ability to conduct cyberterrorist operations against the US? What terrorist groups are the likeliest to conduct such operations?

- We are alert to the possibility of cyber warfare attack by terrorists on critical infrastructure systems that rely on electronic and computer networks. Cyber warfare attacks against our critical infrastructure systems will become an increasingly viable option for terrorists as they become more familiar with these targets, and the technologies required to attack them. Various terrorist groups--including al-Qa'ida and Hizballah--are becoming more adept at using the internet and computer technologies, and the FBI is monitoring an increasing number of cyber threats.

- The groups most likely to conduct such operations include al-Qa'ida and the Sunni extremists that support their goals against the United States. These groups have both the intentions and the desire to develop some of the cyber skills necessary to forge an effective cyber attack modus operandi.

- Aleph, formerly known as Aum Shinrikyo is the terrorist group that places the highest level of importance on developing cyber skills. These could be applied to cyber attacks against the US. This group identifies itself as a cyber cult and derives millions of dollars a year from computer retailing.

Nuclear Terrorism

11) Perhaps the most frightening terrorist tools are nuclear weapons--including radiological weapons which would disperse hazardous radioactive isotopes. What is the Intelligence Community's assessment of the likelihood that terrorists already possess such weapons? How confident are you that terrorists have not been able to successfully smuggle such nuclear devices into the U.S. already? (U)

- Terrorist groups worldwide have ready access to information on unconventional weapons, including nuclear weapons, via the Internet. We believe that Usama Bin Ladin was seeking to acquire or develop a nuclear device, and Al Qa'ida may be pursuing a radioactive dispersal device – what some call a "dirty bomb" – which could cause disruption and panic.

- Obtaining a nuclear weapon or acquiring sufficient fissile material and expertise needed to fabricate a crude nuclear device are far greater obstacles to terrorists than the challenge of smuggling a device into the country.

Trying Terrorists by Military Tribunals
(for DCI, DIA, and FBI)

12) On November 13, 2001, President Bush signed a Military Order pertaining to the detention, treatment, and trial of certain non-citizens in the current war against terrorism. Please describe how the Intelligence Community is involved in this process, including the interrogation of prisoners.

- CIA provides intelligence support to the military and law enforcement entities involved in interrogating detainees upon request. Such assistance may involve the utilization of Intelligence community resources to conduct name traces, provide background information on terrorist organizations, develop intelligence requirements for interrogators, and draft analytical assessments of information provided by detainees.

Leaks About the Intelligence Community's Role in the War on Terrorism

13) Since September 11, 2001, there has been a significant amount of information in the press regarding the Intelligence Community's work on the war on terrorism – particularly Afghanistan. How damaging have these public revelations been to the Intelligence Community's effort and what is being done to plug these leaks?

- There has been a continued degradation of intelligence sources and collection methodologies through media leaks. Sensitive, highly compartmented programs have been discussed, with serious ramifications for assets and our capabilities against hostile elements and enemies. We continue aggressive efforts to identify and prosecute the sources of these leaks.

Possible Terrorist Use of "Conflict Diamonds"

14) The mining and sales of diamonds by parties to armed conflicts—particularly Angola, Sierra Leone, and the Democratic Republic of the Congo—are regarded as a significant factor fueling such hostilities. These diamonds, known as "conflict diamonds," comprise an estimated 3.7 percent to 15 percent of the value of the global diamond trade. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including al-Qa'ida?

- We are aware of press reports alleging Al-Qa'ida ties to the African diamond trade--the most notable being The Washington Post article "Al Qaeda Cash Tied to Diamond Trade" from November 2001. We are vigorously attempting to verify these reports; most of our information to date does not support the allegations.

- We are also exploring charges that some ethnic Lebanese elements in Africa with long-standing involvement in the diamond trade are providing support to Hizballah.

The Situation in Iraq

15) What is the likelihood that Saddam Husayn will be in power one year from now? How good is the intelligence Community's ability to ascertain what is going on in Iraq? What is the likeliest scenario for Iraq when Saddam is removed from the scene? How will Iraq and other neighboring countries react to Saddam's departure? What evidence does the Intelligence Community have that Iraq may have been involved in the 11 September 2001 terrorist attacks? If the US were to take military action to remove Saddam from power, what would be the likely reaction to this from US allies as well as other countries in the region? Is the Iraqi military's readiness at a high enough level to pose a significant threat to neighboring countries? What is the status of Iraq's weapons of mass destruction capability?

- Saddam maintains a vise grip on the levers of power through a pervasive intelligence and security apparatus, and even his reduced military force – which is less than half its pre - Gulf war size – remains capable of defeating more poorly armed internal opposition groups. In Baghdad, senior government and military officials view their fortunes as tied to Saddam and their allegiance is probably bolstered by the regime's decade long propaganda campaign against UN sanctions and the West which exalts Saddam as necessary for the survival and integrity of the state. Over the next year the regime will continue to use a carrot and stick approach to control the two main groups opposed to its rule: the Shias in the south and the Kurds in the north.

- The nature of post-Saddam Iraq would depend on how and when Saddam left the scene, but any new regime in Baghdad would have to overcome significant obstacles to achieve stability. If Saddam and his inner circle are out of the picture and internal opponents of the regime band together, we assess that a centrist Sunni-led government would be pressed to accept an Iraqi state less centralized than Saddam's. Iraq's restive sectarian and ethnic groups, however, would probably push for greater autonomy. Decades of authoritarian rule have deprived Iraqis of the opportunity to build democratic traditions and parliamentary experience that could help them master the art of consensus building and compromise.

- Even though the Iraqi military is at less than half its pre-war size—it remains capable of threatening Iraq's neighbors. Baghdad continues efforts to import military spare parts and dual-use items in spite of UN sanctions. Iraq's movement of forces to the Kuwaiti border in October 1994 and its seizure of the Kurdish-held city of Irbil in August 1996 demonstrate that the military retains the capacity to organize and execute multi-division operations.

- We assess that Iraq retains a small force of Scud-type missiles similar to the type used to strike Israel, Saudi Arabia, and Bahrain during the Gulf war. Iraq is capable of producing and delivering both chemical and biological weapons with ballistic missiles, aircraft and artillery. Iraq continues to build and expand an infrastructure capable of producing WMD. Baghdad is expanding its civilian chemical industry in ways that could be diverted quickly to CW agent production, and retains a significant amount of dual-use infrastructure that could support a rejuvenated nuclear program.

The Situation in Iran

16) What is the status of President Khatami's hold on power? To what extent has he been an agent for democratic reform? Would it be accurate to characterize Iran as being as democratic a government as any other nation in the Islamic world? What is your assessment of the nature and extent of Iran's support for international terrorism? Does Iran continue to provide assistance to Hizaballah in Lebanon and to Islamic-oriented Palestinian groups that oppose the Arab - Israeli peace process, such as Hamas and Palestinian Islamic Jihad (PIJ)? To what extent has the Iranian government provided support to the effort against al-Qa'ida and the Taliban since September 11, 2001? Does Iran continue to receive weaponry & WMD-related technology from China, Russia, and North Korea?

- Although there is widespread discontent with the current Iranian Government, the current regime appears stable for now. Security forces have easily contained dissenters, the public does not appear ready to take to the streets, and no charismatic leader has emerged capable of mobilizing a large cross-section of the population.

- Nevertheless, the public is losing faith in the ballot box as an engine of reform because conservatives' hardball tactics have dashed prospects for reform. The public's preference for nonviolent, gradual change could be quickly transformed into a direct confrontation if the current regime continues to disregard popular will, the conservatives overplay their hand, or the security forces employ excessive force.

- Social and demographic shifts favor the reformers, and over time a new generation of leaders will emerge. Iran has struggled for over 100 years to implement a pluralist form of government, and despite setbacks, this trend has persisted. Although a rapid upheaval is possible, the most likely scenario is a slow transformation of the political process into a more open system.

- Russian, North Korean, and Chinese entities continue to assist Iran's ballistic missile programs, and sustained cooperation suggests that Tehran may intend to develop and deploy a longer-range ballistic missile capability. Iran's success in gaining technology and materials from Russian entities has helped to accelerate development of the Shahab-3 MRBM. Continuing Russian assistance will likely support Iranian efforts to develop new missiles and increase Tehran's self-sufficiency in missile production.

- Russia remains a key supplier for civilian nuclear programs in Iran. Russian assistance enhances Iran's ability to support nuclear weapons development, even though the ostensible purpose of most of this assistance is civilian applications. Despite Iran's NPT status, the United States is convinced Tehran is pursuing a nuclear weapons program.

- Iran is pursuing civilian biotechnology activities along with its BW program. Russian assistance could further Iran's pursuit of biotechnology for military applications.

- China has sold cruise missiles to Iran, and Chinese firms remain key suppliers of missile-related technology.

- Iran is attempting to develop the capability to produce both plutonium and highly enriched uranium. Tehran has dedicated civilian and military organizations that are acquiring and developing nuclear facilities and technologies inconsistent with a purely peaceful program, but which are critical for the production of fissile material for nuclear weapons. A chief goal has been the acquisition of a large, heavy water-moderated, natural uranium-fueled nuclear reactor and associated facilities suitable for production of weapons-grade plutonium. Iran has also investigated different uranium enrichment technologies, but seems to be primarily focused on gas centrifuges.

- We have no indication of a reduction in Iran's support for terrorism in the past year. Since the collapse of the peace process, Iran has continued to support Palestinian rejectionist groups and Hizballah. Tehran's participation in the attempt to transfer arms to the Palestinian Authority via the *Karine A* was likely intended to escalate the violence of the intifada and perhaps to strengthen the position of Palestinian elements that prefer armed conflict with Israel.

- We have no information that suggests Iran and Usama Bin Ladin are working together to conduct terrorist operations, but al-Qa'ida members have reportedly transited Iran on their way to and from Afghanistan.

Iranian Missile Capabilities

17) Last December's NIE on the ballistic missile threat states that 'Iran is pursuing short- and long-range missile capabilities. Iran has one of the largest missile inventories in the Middle East. The Iranian missile program is designed to confront what specific security threats? Under what circumstances, if any, would Iran be likely to curtail its missile program?

- Iran is developing longer-range ballistic missiles that by 2015 could include ICBMs capable of directly targeting the US. Iran has several hundred Scud Bs, Scud Cs, and Chinese-supplied CSS-8 SRBMs. Iran can now produce Scud missiles and is focusing on developing the 1,300-km Shahab-3 MRBM. Iran has flight-tested the Shahab-3 and can probably deploy a limited number in the event of a crisis. Iranian leaders have publicly mentioned plans for a Shahab-4 and Shahab-5, characterizing them as space launch vehicles (SLVs).

- ICBMs and SLVs share much of the same technology and we assess Iran could use an SLV program to covertly develop an ICBM. Tehran could attempt an ICBM/SLV launch between 2005 and 2010, but some assessments suggest 2015 at the earliest.

- There appears to be a broad consensus among Iranians that they live in a highly dangerous region and face serious external threats to their government, prompting us to assess that Tehran will pursue missile and WMD technologies indefinitely as critical means of national security.

- Despite ongoing friction between conservative and reform-minded elements in Iran, social, political, and economic factors are pushing the regime away from the revolutionary and confrontational ideologies that have guided it over the last 20 years. This change will likely orient Tehran toward pragmatic national interests that are less confrontational with the United States. That said, persistent suspicion of US motives will help preserve the broad consensus among Iran's political elite and public for the pursuit of missile and WMD technologies as a matter of critical national security.

- Iran is unlikely under any circumstances to give up its arsenal of short- and medium-range missiles as they are intended to confront multiple, long-standing regional security threats.

- As Iran's domestic capabilities mature, the potential for further proliferation of sensitive technology increases. Iran has already shown the willingness to export missile-related technology.

Stability of the Jordanian Regime

18) How stable is the Jordanian regime of King Abdullah? What threats does King Abdullah face from Islamic fundamentalists? What is the likelihood that resurgent Palestinian nationalism will destabilize Jordan?

- King Abdallah maintains the support of key pillars of the regime, including the military and security services and East Bank tribal members—native Jordanians who historically have supported the monarchy. The military and security forces are highly capable and can be relied on to deal with threats to the Kingdom.

- Jordanian officials recognize the threat Islamic extremists could pose to the Kingdom's stability and actively work to root out such groups. Jordanian authorities have arrested a number of Islamic extremists who have ties to al-Qaida and other terrorist groups and have imposed stringent sentences on those found guilty of participating in terrorist activities.

- The majority of Jordanian-Palestinians still believe in the legitimacy of the monarchy. Even Palestinian members of the largest opposition group in Jordan—the Muslim Brotherhood—generally consider themselves part of a loyal opposition and do not seek to overthrow the monarchy. Nevertheless, Jordan's majority Palestinian population identifies with the plight of Palestinians in the West Bank and sympathizes with the problems of the Iraqi people. A sharp escalation in Israel-Palestinian violence or a US strike on Iraq could produce significant unrest.

Saudi Arabia

19) How stable is the Saudi government? What factors would be most likely to bring about change in that country? To what extent are the Saudi government and public supportive of the US-led campaign against Usama Bin Ladin and terrorism? To what extent would the removal of US military forces from Saudi Arabia diminish anti-US sentiment both within Saudi Arabia and throughout the Islamic world?

- The Saudi royal family faces increasingly open challenges to its control. These include opposition from disparate elements hostile to the Al Saud and the US military presence, lack of job creation, a rapidly growing population, and over reliance on oil income for government budget revenues. The Saudi economy needs rapid reform to invigorate the private sector, attract domestic and foreign investment, and generate rapid job growth. Finally, growing public access to the Internet and satellite television continues to weaken the Al Saud's historical control of information.

- Crown Prince Abdallah, the de facto ruler of Saudi Arabia, has strongly endorsed the US-led campaign in Afghanistan. He views Bin Ladin and terrorism as direct threats to his country. The Saudi press has condemned terrorism but criticized US military actions in Afghanistan and warned the United States against widening the campaign to include Arab countries.

- According to press, in a recent Gallup poll of nearly 10,000 Muslims in nine countries, respondents described the United States as "ruthless, aggressive, conceited, arrogant, easily provoked, and biased." Saudi Arabia was among the countries where the respondents registered the most negative views.

- Saudi citizens also view the United States through the optic of the Arab-Israeli relationship and see the United States as one-sided in its support for Israel. This view contributes to anti-US sentiment as much as public resentment of the US troop presence.

Stability of the Syrian Regime

20) How stable is the regime of President Bashar al Asad of Syria? What are the most significant threats to his regime? What is the status of Syria's WMD infrastructure, as well as its support for international terrorism?

- President Asad, who succeeded his late father in July 2000, will have to prove himself to key regime power centers in Syria, especially in the military and security services. Conservative senior officials from his father's generation expect him to defend their interests and protect his father's legacy. Asad will have to balance pressures from the "Old Guard" against Syria's need for economic and political reform to meet the needs of its rapidly growing population.

- Syria has not been linked directly to an act of terrorism since 1986, but Damascus provides safehaven and logistical support to Hizballah and several Palestinan terrorist groups either in Syria or Syrian-controlled parts of Lebanon.

- Syria denounced the September 11 terrorist attacks in the United States and has expressed a willingness to support US efforts against al-Qaida members, but Syria has not acted to stop anti-Israeli attacks by Hizballah and Palestinian rejectionist groups, which Damascus claims are engaged in a just struggle against Israel's occupation of Palestinian territory.

- Syria has several hundred Scud B and C missiles as well as Soviet-supplied SS-21 SRBMs. All of these missiles are mobile and allow Damascus to target much of Israel and large portions of Iraq, Jordan, and Turkey. Damascus continues to receive significant North Korean assistance in its efforts to domestically produce the Scud-C and develop a new Scud model with a range of up to 700 kilometers.

- Syria, with Iranian assistance, is working to develop a solid-propellant rocket motor production capability. Damascus probably hopes to use solid propellant technology to produce a modern SRBM.

- Syria, an NPT signatory with full-scope safeguards, has a nuclear research center at Dayr Al Hajar. In January 2000, Russia approved a draft cooperative program with Syria that included cooperation on civil nuclear efforts. Access to Russian expertise could provide opportunities for Syria to expand its indigenous capabilities, should it decide to pursue nuclear weapons.

- Syria has a longstanding chemical warfare program and is pursuing the development of biological weapons. It has signed but not ratified the BWC and is not a state party to the CWC. Damascus has a stockpile of the nerve agent sarin that can be delivered by aircraft or ballistic missiles. It is trying to develop the more toxic and persistent nerve agent VX and will likely continue to improve its chemical agent production and delivery infrastructure.

- Damascus remains dependent on foreign sources for key elements of its chemical warfare program, including precursor chemicals and key production equipment. It has adequate biotechnology infrastructure to support a limited biological warfare program.

Qadhafi's Hold on Power in Libya

21) What is your assessment of Qadafi's hold on power in Libya? What is your assessment of Qadafi's ability to both further and frustrate Western policy objectives in the region? What is the status of Libya's weapons of mass destruction infrastructure, as well as its support for international terrorism?

- Qadafi's grip on power appears secure in the near term. He maintains the final decision-making authority on all matters of national interest and has surrounded himself with a core group of apparently loyal supporters who implement his orders.

- Qadafi maintains the ability to complicate Western policy objectives in the region if he so chooses by giving financial support to groups hostile to Western interests.

- Libya continues to pursue WMD and advanced delivery means and remains heavily dependent on foreign assistance to further its programs. The recent suspension of UN sanctions has opened new trade and travel opportunities that are allowing Libya to expand its procurement efforts.

- Libya's current missile capability remains limited to its aging Scud B missiles, although it is continuing its efforts to obtain ballistic missile-related equipment, materials, technology and expertise from foreign sources. Outside assistance is critical to Libya's ballistic missile development programs and may eventually result in Libya achieving its long-desired goal of an MRBM capability within a few years.

- Libya remains dependent on foreign suppliers for precursor chemicals and other key CW-related equipment, and may be re-establishing contacts with sources of expertise, equipment and precursors now that sanctions have been suspended. Tripoli has not given up its goal of establishing its own offensive CW capability and continues to pursue an indigenous production capability for the weapons. Libya also may use its new procurement opportunities to develop an indigenous BW capability.

- Libya continues to develop its nascent nuclear research and development program, but still requires significant foreign assistance to advance to a nuclear weapons option. In early 2000, Tripoli and Moscow continued discussions on cooperation at the Tajura Nuclear Research Center and on a potential power reactor deal. Should this civil-sector work come to fruition, Libya could gain opportunities to conduct weapons related R&D.

Possibility of Support to Terrorists by the Palestinian Authority

22) Is there any evidence to suggest that the Palestinian Authority (PA) has been involved with or supported terrorist activities in the last year? Who would be the likely successor to Arafat as head of the Palestinian Authority? What is the likelihood that the Palestinian leadership will become more radical after Arafat leaves the scene?

- Although individual Palestinian security officers have been involved in attacks against Israelis, they probably were acting on their own rather than in accordance with an established PA policy. Some of these officers may have become involved in militant groups during the intifadah for personal reasons, such as the killing of a family member by Israeli forces. Their participation may have included providing weapons or other support to terrorist operations, or turning a "blind eye" to attacks. Palestinian authorities say that Israeli military attacks against PA facilities in retaliation for attacks by militant groups reduce their officers' ability and incentive to arrest militants.

- Israeli officials charge that a PA policeman opened fire in an outdoor market in Afula on 4 October, killing three Israelis and wounding 17 others. A Fatah-affiliated militant group, the al-Aqsa Martyrs Battalions, claimed credit for the operation. Israeli authorities during the last year have disrupted cells of militants they say included PA police. The PA in late 2001 arrested some members of its security services participating in anti-Israel attacks.

- PA and PLO Chairman Yasir Arafat has no clear-cut successor, and any candidate will have neither the power base nor the leadership qualities necessary to wield full authority in the PA. Mahmud Abbas (Abu Mazin), Arafat's principal deputy and Secretary General of the PLO – Executive Committee, and Ahmad Qurei (Abu Ala), Speaker of the PA's Legislative Council, are poised to assume preeminent roles after Arafat. Security chiefs like Muhammad Dahlan and Jabril Rajub and Fatah Tanzim leader Marwan Barghuti are likely to play important supporting roles in the succession.

- According to PA laws, after Arafat's death Ahmad Qurei, in his role as Speaker of the PA's Legislative Council, would assume the duties of PA president for no more than 60 days, during which a new president would be elected. Israeli Academic Ehud Ya'ari predicts the creation of regional coalitions following Arafat's departure in the form of the "United Palestinian Emirates," although not necessarily in a peaceful alliance. He argues that any figurehead will need to possess some of Arafat's credentials and prestige in order to obtain international recognition. It is possible that there will be potentially violent infighting among the competing security services vying for supremacy.

- Any Palestinian leadership after Arafat will have to deal with a Palestinian public that has become more radical since the outbreak of violence in September 2000. According to Palestinian polling data from December 2001, 80 percent of the Palestinian public supports the continuation of the Al-Aqsa intifadah. According to separate Palestinian polling data from December 2001, 92 percent support armed attacks against Israeli soldiers and settlers in the West Bank and Gaza Strip. The recent fighting has prompted many Fatah members to participate in attacks on Israelis despite the group's stated support for a negotiated two-state solution.

- Challenged to consolidate control and unable to match Arafat's ability to unite Palestinians in the West Bank, Gaza Strip and diaspora a new leadership would be more beholden to the sentiment of the Palestinian "street" and less likely to show moderation toward a Palestinian-Israeli peace process.

Vietnam

23) What is your assessment of Vietnam's record on human, religious and labor rights?

- Vietnam's human rights record remains generally poor despite some improvement in the last decade. Communist leaders are wary of threats to their monopoly on power, especially in the face of dynamic social pressures such as expanding rural-urban migration, rising economic expectations, increased unemployment, and a demographic "youth bulge."

- The Socialist Republic of Vietnam is a one-party state. The Communist Party of Vietnam (CPV) controls all top government positions and all political, religious, social and labor organizations are under strict government, and thus party, oversight and control. According to State Department reporting, the government restricts civil liberties on grounds of national security and social stability. Privacy rights are restricted, and the government maintains an effective internal security service and household registration system that allows state monitoring of citizens for illegal activities.

- The government significantly restricts freedom of speech, the press, and assembly and association. Freedom of religion, particularly organized religious operations, are restricted and controlled by the government and CPV. Government-controlled worker's associations are widespread and have increasingly played a role in negotiating health, safety, and wage standards. The government is working with the International Labor Organization (ILO) and international donors to improve implementation of the Labor Law, which prohibits forced and child labor.

- The government has become less heavy-handed in its methods of control over the past decade. Hanoi's "zone of indifference"—those activities it tolerates but does not approve of—has grown significantly. Instead of automatic imprisonment, dissidents are now placed under surveillance and sometimes house arrest. Small, controlled demonstrations against local officials are tolerated in some areas, especially in the south. In the last two years the government has extended official recognition—with concurrent central oversight—to several previously banned religious groups.

The Situation in Georgia

24) How strong is Edward Shevardnadze's hold on power? To what extent is he making a serious effort to end corruption and strengthen Georgia's economy? What is the status of Georgia's relationship with Russia?

- Shevardnadze's hold on power remains strong despite his growing unpopularity and the loss of support from several young reformers. Even many of his critics say that there currently is no viable alternative to his leadership.

- Recognizing Georgia's strategic geographic location, Shevardnadze sees Georgia's economic future as a transit state and has provided unwavering support for the planned east-west gas and oil pipeline projects that will traverse his country. That said, he has made little progress in fighting corruption despite a strong public commitment, which continues to impede economic reform and discourage foreign investment.

- In late 2001, he announced the start of reform of the security ministries, and last month his new security and internal affairs ministers launched operations in the Pankisi Gorge, an area seen as a safe haven for criminals.

- Georgia has difficult relations with Russia because of Shevardnadze's strong western orientation, Russian military bases, and reports of Chechen guerillas in the Pankisi Gorge. Tbilisi and Moscow currently are negotiating a range of issues, including closing three Russian military bases.

Security of the Russian Nuclear Stockpile

25) What is your assessment of the safety and security of the Russian nuclear stockpile (including weapons grade material)? How does the security of the Russian nuclear stockpile compare to the security of the US nuclear stockpile?

- Russian safeguards for its WMD arsenal are uneven despite some improvements made with US assistance. We have no credible evidence that a Russian nuclear warhead has been lost or stolen. We remain concerned about corruption and the negative effect of the post-Soviet decline in military spending on personnel reliability and physical security. Russia employs an extensive array of physical, procedural, and technical measures to protect their nuclear warheads and is deploying US-provided equipment to enhance physical security at their storage sites.

- US efforts to improve Russia's safeguards and security for this material through the Department of Energy International Materials Protection Control, and Accounting program has made only limited progress. A major reason is Russia's reluctance to grant foreigners access to perceived sensitive information about materials used in nuclear weapons and to storage facilities.

Russia's Closure of Intelligence Facilities in Cuba and Vietnam

26) On October 17, 2001, Russia announced that it will close its large electronic intelligence base in Lourdes, Cuba, as well as its naval base in Cam Ranh Bay, Vietnam. What is the status of the closure of these facilities? What will be the impact of the closure of these facilities on Russia's relations with Cuba and Vietnam?

- Last October, President Putin promised to close the GRU-FAPSI SIGINT facility at Lourdes, Cuba. Press speculation as early as last August suggested that the Kremlin was considering closing the facility, partly to redirect money toward other military modernization efforts. The process of shutting down the facility was to begin on 1 Jan 2002.

- Russian press indicated that a formal closure ceremony was held at Lourdes on 28 December. Russian press reports in mid-January, however, said that the withdrawal was delayed by the Defense Ministry's temporary financial difficulties in servicing aircraft that would be involved in withdrawing equipment and in paying aircrews.

- Russian Defense Ministry officials have stated that most of Lourdes' personnel departed by the end of December with a skeleton crew staying behind to facilitate the dismantlement of equipment. We expect this process to take several months to complete and have no information indicating that the Russians have reversed their decision to close the facility.

- President Putin announced last October that he had directed Russia's Defense Ministry to withdraw from Cam Ranh Bay beginning 1 January 2002. We have seen no official statements since then, however, that a withdrawal is under way. Defense Minister Ivanov has publicly stated that the closure will not affect the "military security interests" of Russia or Vietnam. Moscow's withdrawal appears to suit both Russia – which has made little use of the facility in recent years – and Vietnam, and should have little impact on bilateral relations.

Chechnya and Russia

27) What is the status of Russia's effort against Chechen guerrillas? Do we have information about a Chechen connection to Usama Bin Ladin?

- Neither side is prevailing militarily in Chechnya, and both remain committed to attrition warfare to forcing the other side to give up its primary demands. The civilian population of Chechnya is bearing the brunt of both indiscriminate Russian retaliation for guerrilla attacks, and guerrilla assassinations of so-called "National Traitors"--administrators, teachers, policemen, construction workers, and other civil servants--who work for the Moscow-appointed government.

- There are no authoritative figures available for Chechen losses during this conflict, but they are likely to be in the tens of thousands. Russian press sources quote official government claims to have killed as many as 13,000 to 15,000 guerrillas alone since September 1999. Press reports claim that some 80,000 civilians and guerrilla fighters were killed by Russian forces during the 1994 -1996 conflict, out of a prewar population of some 750,000 to 800,000.

- The steady drain of Russian casualties--official spokesmen admit that at least 3,438 soldiers have been killed and 11,661 wounded--could begin exhausting the patience of the Russian public, who may press for a negotiated end to the fighting. Moscow and moderate Chechen nationalists late last year appeared to be moving toward negotiations, but the effort apparently has failed, since neither side was willing to meet the other's minimum conditions for an end to the fighting.

- We have no credible information to indicate that the Chechen Government currently maintains relations with Usama Bin Ladin. Although Chechen President Alsan Maskhadov sought assistance from all quarters—including the Taliban and al-Qa'ida—after the Russians attacked Chechnya in September 1999, concerns that Islamic extremists would gain a bigger foothold in Chechnya and that Chechen insurgents would be labeled terrorists appear to have prompted Maskhadov to distance the Chechen Government from Islamic extremists by mid-2000.

Russian Military Capabilities

28) If present trends continue, what will be the Russian military's capability to conduct operations 5 years from now? Do these trends indicate the possibility that Russia may soon have insufficient military force to retain order within Russia?

- Since the disintegration of the Soviet Union, Russia's military has been reduced dramatically but is still not adequately funded. It suffers from poor infrastructure, insufficient training, and low morale, and its equipment inventory is large but aging. As a result, it had only a very limited offensive capability compared to its Soviet predecessor.

- The Russian military has conducted small-scale operations in Chechnya since 1999 that point to marginal improvement compared to the 1994 – 1996 campaign, but also reveal chronic deficiencies, such as poor morale, widespread corruption, and inadequate training.

- Nevertheless, the initial reinforcement of Chechnya in 1999 suggests that the Russian military, particularly its relatively small "permanently ready" forces, can operate on the Russian periphery. Many of Russian's potential adversaries also are even less well-trained and equipped force.

- Russian nuclear forces have not been immune to the problems affecting the rest of the military, but Moscow retains a large number of tactical and strategic nuclear weapons and the means to deliver them. This inventory will likely decline in size significantly over the next decade, but maintaining credible nuclear forces is a key national goal that we judge Moscow will be able to achieve well beyond the next five years.

- The Putin government has limited violent opposition and separatism to the North Caucasus. Moscow has strong support among most elements of the population, reducing the prospects for the sort of widespread violent unrest that would require military intervention.

- The Russian military--even supported by elements of the 100,000 Ministry of Internal Affairs troops and several hundred thousand local policemen--would be hard-pressed to handle two or more operations comparable in size to the Chechnya conflict at once. We have no reason to conclude that Russia will face multiple large-scale internal security problems in the next five years, however, or that its military and paramilitary forces could not retain order in the face of less demanding internal challenges.

Transfer of Technology From Russia

29) What general trends has the Intelligence community noticed of scientists, technology, and conventional and unconventional military sales from Russia to other nations? What trends have you detected that Russian nuclear materials, BW, CW, or ballistic missile-related materials or technology, have found their way to the international black market? What is the current state of transfers of technology from Russia?

- Russia is often the first choice of states seeking advanced technology and training, while Moscow views weapons-related sales as a major source of funds for it's commercial and defense industries. The Putin government's commitment, willingness, and ability to curb proliferation-related transfers remains uncertain.

- Russian entities provide a variety of ballistic missile-related goods and technical know-how to countries such as Iran, India, China, and Libya. They are the main suppliers of technology and equipment to India and China's naval nuclear propulsion programs, and key suppliers for civilian nuclear programs in India and Iran. Russian entities also provide other countries with technology and expertise applicable to cruise missile projects.

- Russian entities are a significant source of dual-use biotechnology, chemicals, production technology, and equipment for Iran.

- Russia continues to be a major supplier of conventional arms to countries such as China, Iran, Libya, Sudan, and India.

- We are concerned about the potential for black market sales of nuclear, chemical, or biological material. To date, the few seizures of nuclear material, such as highly enriched uranium or plutonium have generally involved opportunistic thieves or sellers with no prearranged buyers.

The India Pakistan Conflict

30) What is the likelihood that India and Pakistan will go to war within the next year? What is the likelihood that such a conflict would result in an exchange of nuclear weapons? Which nation would likely prevail in such a conflict? Why? What is the likelihood that both India and Pakistan will ultimately agree to accept the Line of Control in Kashmir as their international border?

- The likelihood that India and Pakistan will go to war within the next year is higher than it has been since their last war in 1971, and will remain so as long as their armies are deployed along their shared border on a war footing. Even though the subject has fallen from the headlines, the risk has not declined appreciably since January. Until the issues of cross-border terrorism and Kashmir are resolved, they will remain a flashpoint between the two countries, which have faced the prospect of war on three previous occasions since 1971.

- There is a higher likelihood that nuclear weapons would be exchanged because of India's greater ability to sustain a prolonged conflict, the ambiguity of Pakistani nuclear thresholds, and the potential for miscalculation during war.

- Neither country has a decisive advantage in conventional forces, but India is more capable of prevailing in a war of attrition. Both sides would stand to lose in a nuclear exchange because millions could die as a result. Pakistan would be more devastated, however, because most of its productive capacity is located in the narrow belt between the Indus River and the Indian border within easy range of Indian nuclear weapons.

- Before any resolution of the Kashmir dispute can be reached, the two countries will have to improve diplomatic relations to the point where dialogue can begin. Accepting the Line of Control as the international border would require changes to both countries' publicly stated claims on the disputed territory.

The Situation in North Korea

31) What is the likelihood that North and South Korea will unify within the next five years? What is the likelihood that unification between North and South Korea will be a peaceful process? Under what circumstances would a war be likely? How strong is Kim Chong-il's hold on power? Who will likely succeed him?

- Leaders in both North and South Korea have spoken publicly of formulas for peaceful unification that encompass years or even decades of intermediate stages. Notwithstanding agreement at the inter-Korean summit in June 2000 that there were similarities between the first stages of each side's formula, P'yongyang has demonstrated no interest in beginning official negotiations with Seoul to reconcile their approaches. The North Korean leadership, in our view, remains preoccupied with ensuring the survival of its regime and makes that a priority over a political settlement resulting in unification.

- We cannot exclude the possibility that state collapse in North Korea could lead to reunification. Although North Korea is a regime under stress, it has demonstrated a willingness to accept hardship for its people and to take whatever steps it deems necessary to maintain domestic order and political control.

- We do not see signs that North Korea is preparing for or contemplating a war of unification anytime soon, but we assess that P'yongyang remains committed to its longstanding goal of eventual preeminence in a unified Korea and has not excluded the use of force to achieve that end. The deterrence provided by the US-South Korean alliance makes war less likely, barring a massive North Korean miscalculation.

- Kim Chong-il maintains his grip on power through the military, security services, and the party. The economic and political stresses on the country, however, create potential vulnerabilities over time that cannot be quantified or predicted.

- Kim has not formally designated a successor. Family members are available if the regime wants to pursue a dynastic succession, but that would not preclude jockeying among key elites.

Cuba After Castro

32) What is the Intelligence Community's current assessment of what will happen in Cuba after Castro passes from the scene? Does the Intelligence Community believe that the resumption of U.S. trade with Cuba could hasten economic and political reform in Cuba?

- The Castro brothers and their inner circle are developing procedures that the Intelligence Community assesses will have a better than even chance of ensuring a relatively smooth succession, with Raul Castro presiding over a more consultative leadership group committed to the core values of the Cuban revolution – national independence and rough egalitarianism. No successor group, however, will have the stature and legitimacy currently enjoyed by Fidel Castro and they will encounter substantial challenges to include popular pressure for economic progress, early in the succession. Should our most likely line scenario prove accurate, the prospects for long-term stability, democratization, and an open economy still would be far from certain.

- The United States will be faced with both challenges and opportunities as it attempts to balance policy objectives encouraging regime stability with efforts to further democratization in Cuba.

- A less likely but plausible alternative scenario envisions the leadership fragmenting over pressures for change, personal differences and an inability to manage Castro's legacy, resulting in instability, violence, and probably mass migration.

- Resumption of trade under the likely successor government could hasten reform, but probably only over the medium term, and this benefit would depend on the political dynamic within the new leadership. The immediate effect of resuming trade would probably be to reduce pressure for reform by providing modest economic relief—the benefits would be small, as compared with the country's problems—temporarily meeting public demands for improvement in living conditions.

- Over the medium term, however, the loss of sanctions as an excuse for poor performance could boost pressure for market-oriented changes in domestic policy that would yield additional gains. Similarly, the end of sanctions could undermine the siege mentality that has helped hardliners defeat proposals for economic and political reform.

Colombia

33) To what extent is Colombia's weak economy—falling exports, lack of progress on fiscal reforms, high unemployment—having an impact on Colombia's government reform initiatives? What is the likelihood that President Pastrana will be able to reach a final settlement with the FARC within the next year?

- Colombia's anemic growth and record high unemployment continue to limit Bogotá's policy options and fiscal resources. Colombia's economy grew only 1.5 percent in 2001, and prospects for 2002 are clouded by insurgent attacks against infrastructure, lack of progress on fiscal reforms, and depressed demand in both domestic and key export markets.

- The government budget has not increased in real terms for the past two years, and defense spending as a percentage of the budget decreased slightly last year. Bogotá's fiscal deficit was 3.3 percent of GDP last year, the public debt burden is approaching 50 percent of GDP with debt servicing costs consuming a third of the budget.

- With presidential elections rapidly approaching, the Pastrana administration is poised to leave key reforms to Colombia's next president, including overhauling the near-bankrupt pension system, strengthening tax and revenue sharing systems, revamping labor laws, and improving regulatory and judicial regimes. Budgetary realities will force the next administration to reconcile campaign promises of job creation and increased defense spending with the need for unpopular austerity measures. The presidential candidates have said they will continue to look to the international community for trade and financial assistance.

- The collapse of peace talks has dashed hopes for a settlement with the FARC any time soon. Neither side shows any willingness to make the dramatic concessions or reductions in violence that would be necessary for a negotiated solution.

Haiti

34) Aristide has been confronting growing dissent. At what point will his hold on power be jeopardized? What is the likelihood that we will see an increase in Haitian migrants sailing for the US in the next year?

- President Aristide's backers are increasingly frustrated with his inability to deliver on promises to improve life for ordinary Haitians, and deteriorating government services, falling remittances, and overall economic decay are feeding anti-government sentiment. No challenger can match Aristide's standing, however, in part because his supporters continue to intimidate opponents.

- Public infighting last year suggests Aristide's grip on his party may be weakening. The erosion of Aristide's popularity could embolden challengers, and we cannot rule out the possibility of a coup attempt in the coming year. Aristide's hold on power could be especially vulnerable if economic conditions prompt new, prolonged bouts of social unrest.

- We do not anticipate a mass migration from Haiti this year. We judge, however, that the worsening economic situation in Haiti will increase the number of migrants attempting to enter the United States illegally, especially if political tensions worsen. Rumors of changes in US immigration policy have driven past mass migrations, and we are monitoring several events that have the potential to effect such perceptions:

- Haitians are following the status of the 186 migrants currently in INS processing in Miami after a successful landing in December for signs of shifts in US policy.

- Changes in the Haitian views regarding the disposition of Coast Guard forces and their willingness to repatriate Haitians found at sea. An up tick in migration at the end of 2001 was in part due to perceptions that the Coast Guard had redeployed assets to focus on homeland defense.

Mexico

35) In the year since his inauguration, how successful has Mexico's President Fox been in bringing about an end to corruption, stepping up the fight against illicit narcotics, focusing more on human rights and generally bringing effective governance to his country?

- President Fox has made little progress toward implementing his reform agenda since his inauguration, primarily because the opposition controls Congress. The opposition, for example, pushed through a fiscal reform law in December that differed radically from the administration's proposal, and President Fox says that the resulting lack of budgetary resources will limit his ability to finance his social agenda. In order to obtain energy and labor reforms, President Fox must find a way to capitalize on his broad popular support and gain opposition support in the legislature.

- President Fox has announced several initiatives to strengthen democracy, the rule of law, and human rights, including proposing a law similar to our Freedom of Information Act and appointing a special prosecutor to investigate abuses during the government's struggle against guerrillas in the 1970s and 1980s. To advance this agenda, President Fox must work within the constraints of a law enforcement and judicial system that has been plagued by corruption in the past.

- Fox has demonstrated a commitment to working with the United States to staunch drug trafficking. Maintaining that both Mexico and the United States are responsible for the drug trade, he has made counternarcotics one of his administration's top priorities.

- President Fox is committed to strengthening the bilateral relationship with the United States and he is approaching trade and migration issues in the spirit of dialogue. By eschewing a confrontational style towards the United States, President Fox has more successfully tabled Mexico's own priorities in the bilateral agenda, with migration as the best example.

Implications of US Withdrawal from the ABM Treaty

36) On December 12, 2001, President bush notified Russia that the US intends to withdraw from the ABM Treaty – the withdrawal to be completed in June of this year. How will Russia react militarily to the US withdrawal from the ABM Treaty? What is the likelihood that the deployment of a U.S. ballistic missile defense will lead to the escalation of ballistic missile and tactical missile defense systems by other countries, as well as a commensurate increase in the number of ballistic and tactical missiles to overwhelm these defensive systems?

- IC assessments of the numbers of deployed ballistic missiles take into consideration the effects of a deployment of a US ballistic missile defense (BMD). Estimates of the number of Chinese strategic ballistic missile warheads, 75 to 100 for example, targeted primarily against the United States in 2015 factor in likely Chinese responses, such as multiple RVs on the CSS-4, to a US missile defense system.

- A potential counter to US development of BMD would be the increased development of cruise missiles as an alternative WMD delivery system. This would complicate the air and missile defense problem.

Surprise Missile Attacks

37) In his State of the Union speech, the President alluded to missile defense, noting a threat from surprise missile attacks. What is the basis for assessing this threat? What is the analytic assessment of the effect on threat levels if missile defense is implemented?

- The annual report on the Ballistic Missile Threat to the United States serves as the basis for threat assessments. The classified NIE, "Foreign Responses to US National Missile Defense Deployment" published in 2000 also looks at possible foreign responses to changes in related US policies..

- We note, for example, that countries of concern are increasingly interested in acquiring a land-attack cruise missile (LACM) capability. LACMs could pose a serious threat to our deployed forces, even the mainland U.S., by the end of the decade. The technical capabilities required to defend against LACMs are different from those required for ballistic missiles, so the introduction of LACMs would significantly complicate the air and missile defense problem, particularly in regions already struggling to come to terms with increasingly capable ballistic missiles.

WMD Delivery Systems

38) What is the most likely delivery system of weapons of mass destruction (WMD) to be delivered by terrorists or states against the U.S.? Are the most likely adversaries of the U.S. acquiring weapons of mass destruction and missiles as deterrence or as an offensive military capability to use against the U.S. or its allies?

- Delivering weapons of mass destruction by non-missile means does not provide the same prestige or degree of deterrence and coercive diplomacy associated with ICBMs. Nevertheless, we remain concerned about non-missile delivery of WMD to the United States by state and non-state actors. Ships, trucks, airplanes, and other means may be used. The Intelligence Community judges that US territory is more likely to be attacked with WMD using non-missile means.

- Non-missile delivery is less expensive than developing and producing ICBMs and probably would be more reliable than ICBMs that have not completed rigorous testing and validation programs. Non-missile systems probably would be more accurate than emerging ICBMs over the next 15 years.

- Even a few long-range ballistic missiles armed with WMD will enable weaker countries to deter, constrain, and harm the United States. Such weapons need not be accurate or highly reliable because their strategic value is derived primarily from the implicit or explicit threat of their use, not the near certain outcome of such use.

ICBM Threats to the US

39) Last December, the Intelligence Community released an unclassified version of the National Intelligence Estimate (NIE) which states that before 2015 the United States most likely will face ICBM threats from North Korea and Iran, and possibly from Iraq, barring significant changes in their political orientations, in addition to the longstanding missile forces of Russia and China. Please elaborate on the nature and scope of the ICBM threats to the U.S. from these nations. What is the Intelligence Community's assessment of the likelihood that there will be "significant changes" in the political orientations of these nations by 2015 to diminish the ICBM threat to the U.S.?

- Russia still maintains the most comprehensive ballistic missile force capable of reaching the United States, but force structure decisions resulting from resource problems, program development failures, weapon system aging, the dissolution of the Soviet Union, and arms control treaties have resulted in a steep decline in Russian strategic nuclear forces over the last 10 years. Unless Moscow significantly increases funding for its strategic forces, the Russian arsenal will decline to less than 2,000 warheads by 2015, with or without arms control.

- Chinese ballistic missile forces will increase several-fold by 2015, but Beijing's future ICBM force deployed primarily against the United States, which will number around 75 to 100 warheads, will remain considerably smaller and less capable than the strategic missile forces of Russia and the United States. China has three new, mobile strategic missiles in development—the road-mobile DF-31 ICBM; the longer range road-mobile DF-31 follow-on; and the JL-2 submarine-launched ballistic missile (SLBM). These programs date from the mid-1980s and are the basis of Beijing's efforts to field a modern, more survivable strategic deterrent to the United States and Russia.

- North Korea continues to develop missiles. The multiple-stage Taepo Dong-2, which can reach parts of the United States with a nuclear weapon-sized payload (several hundred kg), may be ready for flight-testing. North Korea in May 2001, however, extended its voluntary moratorium on long-range missile flight-testing until 2003, provided that negotiations with the United States proceed. A Taepo Dong-2 test probably would be conducted in a space launch configuration, like the Taepo Dong-1 test in 1998.

- Iraq, constrained by international sanctions and prohibitions, wants a long-range missile and probably retains a small, covert force of Scud-variant missiles. If UN prohibitions were eliminated or significantly reduced, Iraq would be likely to spend several years reestablishing its short-range ballistic missile force, developing and deploying solid-propellant systems, and pursuing development of medium-range ballistic missiles. Iraq could test different ICBM concepts before 2015, possibly before 2010 if it received foreign technology, if UN prohibitions were eliminated in the next few years.

- Iran is developing longer-range ballistic missiles that by 2015 could include ICBMs capable of directly targeting the US. Iran has several hundred Scud Bs, Scud Cs, and Chinese-supplied CSS-8 SRBMs. Iran can now produce Scud missiles and is focusing on developing the 1,300-km Shahab-3 MRBM. Iran has flight-tested the Shahab-3 and can probably deploy a limited number in the event of a crisis. Iranian leaders have publicly mentioned plans for a Shahab-4 and Shahab-5, characterizing them as space launch vehicles (SLVs). ICBMs and SLVs share much of the same technology and we assess Iran could use an SLV program to covertly develop an ICBM. Iran could attempt an ICBM/SLV launch between 2005 and 2010, but some assessments suggest 2015 at the earliest.

- We are alert to the possibility that political change in any of these countries could affect the ICBM threat to the United States. As matters stand, perceptions of key security equities and other national interests in these countries combined with the apparent importance of missile development efforts in several of them lead us to conclude that the threat will not diminish significantly any time soon.

North Korea's Taepo Dong-2

40) Last December's NIE on the ballistic missile threat states that "North Korea's multiple-stage Taepo Dong – 2, which is capable of reaching parts of the United States with a nuclear weapon – sized (several hundred kilogram) payload, may be ready for flight – testing." What will be the impact of the continuation of the North's flight test moratorium on the development of this missile? Under what circumstances would North Korea be likely to use its missile capability against the US? What is the current estimate of the size of North Korea's nuclear weapon arsenal? How confident are we that the North is complying with the terms of the 1994 Agreed Framework regarding plutonium production activities in Yongbyon?

- Given the North Korean leadership's commitment to regime survival, we cannot rule out the possibility that P'yongyang—despite understanding the likely consequences for doing so—would be prepared to use whatever means are at its disposal if it perceived no better options to try to preserve the regime.

- We assess that North Korea has one, possibly two, nuclear weapons and are confident that P'yongyang is complying with the terms of the agreed framework.

Nonmissile Means for Delivering Weapons of Mass Destruction

41) Last December's NIE on the ballistic missile threat states that "[s]everal countries *could* develop a mechanism to launch SRBMs [short-range ballistic missiles], MRBMs [medium-range ballistic missiles], or land-attack cruise missiles from forward-based ships or other platforms; a few are *likely* to do so -- more likely for cruise missiles -- before 2015." Which countries have the capability to threaten U.S. territory with missiles from ships or other platforms? Which nations are the likeliest to do so? What is the Intelligence Community's ability to monitor this threat and provide early warning against an attack?

- Russia still maintains the most comprehensive ballistic missile force capable of reaching the United States. Chinese ballistic missile forces will increase several-fold by 2015, but Beijing's future ICBM force deployed primarily against the United States, which will number around 75 to 100 warheads, will remain considerably smaller and less capable than the strategic missile forces of Russia and the United States. China has three new, mobile strategic missiles in development—the road-mobile DF-31 ICBM; the longer range road-mobile DF-31 follow-on; and the JL-2 submarine-launched ballistic missile (SLBM).

- North Korea's multiple-stage Taepo Dong-2, which can reach parts of the United States with a nuclear weapon-sized payload (several hundred kg), may be ready for flight-testing.

- Iraq could test different ICBM concepts before 2015, possibly before 2010 if it received foreign technology, if UN prohibitions were eliminated in the next few years. Iran is developing longer-range ballistic missiles that by 2015 could include ICBMs capable of directly targeting the US.

Foreign Countries Spying on the US

42) An area of concern is what other countries do to spy on US companies. Are more countries getting into the business of using their intelligence services to engage in economic espionage? How do you balance the benefits that come from collecting intelligence on economic issues against the risk that such collection -- or even the mere allegation of it -- could prompt other countries to retaliate by increasing their defensive measures, by spying in turn on US companies, or by becoming anti-American in policy discussions?

- The acquisition of sensitive economic information from US companies, both here and abroad, runs the full spectrum of collection methodologies, including unsolicited e-mail; soliciting open-source information and research; inappropriate conduct during plant visits; exploiting multinational conferences and business information exchanges; covert open source collection; illegal purchase of export-controlled technologies; theft of trade secrets and critical information; traditional agent recruitment.

- Economic espionage is not limited to the latest high-technology products and research. It may include existing product lines or even items no longer in production. In addition, the acquisition of sensitive US economic information is not limited to intellectual capital. Collection may include biographical information on senior corporate officials; marketing and pricing strategies; material lists; production, labor, operations, and maintenance costs; and customer lists.

- In a world that increasingly measures national power and security in economic as well as military terms, the United States continues to be threatened by the theft of proprietary economic information and critical technologies. The risks to sensitive business information and advanced technologies have dramatically increased in the post-Cold War era as foreign governments—both former adversaries and allies—have shifted their espionage resources from military and political targets to commerce.

- The Intelligence Community does not engage in economic espionage. The IC only collects information on foreign companies to combat illicit practices such as bribery or the supply of controlled goods and materials disregarding United Nations sanctions or other international treaties.

- The potential WMD threats to the United States and its allies that have emerged since 11 September highlights the importance of monitoring illicit foreign activity that supports programs of mass destruction. The large loss of jobs that can result in successful bribery cases also can have a large impact on the United States economic security.

- Economic collection efforts--or allegations of economic espionage—do not appear to be a factor in driving foreign country economic espionage against US companies, increasing defensive measures, or becoming more anti-American in policy discussions.

- Available evidence indicates all of the countries assessed as committing state-sponsored economic espionage against the United States have done so because of US technology advances, their own defense needs, and not as a result of US intelligence activities. We are not aware of any governments that have increased commercial defensive measures as a policy response. The closest is the case of the EU—after determining that there is no evidence of US economic espionage against European firms—making a recommendation that any company concerned about this issue encrypt their communications.

The Impact of HIV/AIDS and Other Infectious Diseases

43) What will be the impact of HIV/AIDS on Africa and other countries 10 years from now? Upon which countries is HIV/AIDS affecting the military and economy the most? Where do these trends seem to be heading in the long term? What other infectious diseases—such as tuberculosis, malaria, and hepatitis—will have the most impact over the next 10 years?

- HIV/AIDS will slow economic growth and development and reverse socioeconomic gains over the next decade. Recent economic studies on South Africa, Sub-Saharan Africa, the Caribbean, and Thailand suggest that rising HIV infection rates will result in GDP reductions of up to 20 percent. HIV/AIDS will also lower life expectancies in many countries, lead to negative population growth rates, and change the demographic composition of many societies. Many countries in Southern Africa will have life expectancies of 35 years or less by 2010, and Zimbabwe and South Africa will have negative population growth rates by next year.

- It is too early to ascertain which economy is suffering the most because of HIV/AIDS but based on infection rates only, the countries of Southern African are the most stressed.

- AIDS is adversely affecting most African militaries through the lack of continuity in rank and leadership, increased recruitment and training costs, and reduced military and emergency preparedness.

- We do not anticipate any reversal in these trends over the next 10 to 20 years mainly because of the long incubation period before HIV turns to AIDS. The tens of millions of people already infected with HIV will develop AIDS over the next decade and die. Hope for the long-term rests with reducing transmissions now but this requires strong leadership at the most senior levels of government, a willingness to publicly discuss sexual health, prevention and care initiatives, and education programs—steps that many countries are unwilling to take.

- Tuberculosis (TB) and malaria will continue to have the most impact over the next 10 years despite the creation last June of the Global Fund to Fight AIDS, Tuberculosis, and Malaria and other initiatives to combat these diseases. TB and malaria claimed 3 million lives and infected an additional 309 million people last year. By 2020, the World Health Organization predicts another 1 billion people will be newly infected with TB, unless current efforts to control it are strengthened and expanded. Drug resistant strains of TB and malaria are complicating treatment of both diseases.

Assessing Environmental Change

44) How will global warming and other environmental factors impact the world's economy over the next decade? To what extent does the Intelligence Community monitor and analyze environmental changes in the world?

- Climate change *per se* is not likely to have a discernable economic impact over the next decade because it is a long-term phenomenon whose consequences, if any, are more likely to be felt in the latter half of this century.

- Efforts by the international community to limit the threat of climate change by reducing greenhouse gas emissions could alter the global economic situation by jumpstarting investment in alternative technologies such as hydrogen fuel cells for cars, homes, and offices, which may have significant implications for US promoters of these technologies. These effects, however, are likely to be greater in the next decade than this one.

- If the international community pursues a course of action that leapfrogs current energy technologies, carbon dioxide emissions probably would fall significantly starting in the 2020s, especially if China, India, and other countries with rapidly growing economies participated. Atmospheric concentrations of greenhouse gas emissions are lagged, however, so that the environmental repercussions of actions today would not be observed until later in this century.

- More likely to have an impact on economies and societies worldwide are medium-term climatic fluctuations such as El Nino and La Nina, and natural and manmade environmental disasters. Countries from East Africa through the Middle East and into Central and South Asia have suffered considerable economic damage from a drought that is nearly four years old.

- We have no reason to believe that volcanoes, earthquakes, hurricanes, or other natural disasters will decrease over the next decade, although the implementation of better prediction and warning systems may reduce their impact.

- Oil and chemical spills on land and at sea will remain significant hazards.

Public Disclosure of the Aggregate Intelligence Budget

45) For a number of years, individuals have advocated the public disclosure of the aggregate intelligence budget. In your opinion, what would be the specific threat to U.S. national security from publicly disclosing the aggregate intelligence budget?

- Disclosure of the aggregate intelligence budget would assist foreign governments in evaluating the extent of US intelligence activities. Specifically, a sophisticated analysis combining intelligence budget figures with media reports, Congressional debates, and previous intelligence budgets could enable hostile intelligence services to: identify intelligence areas, or even specific classified programs, receiving larger or smaller appropriations; determine present US intelligence priorities and predict future trends; discover the location, nature, and extent of individual intelligence appropriations embedded in the federal budget; and develop more effective countermeasures against US intelligence programs.

- Of particular concern this year are the increases to the aggregate intelligence budget as a result of the 9/11 terrorist attacks. Comparing this year's budget figures with previous years would help foreign governments and other hostile elements determine more precisely how much additional funding the US is devoting to counter-terrorism initiatives.

Criminal Organizations and Networks

46) What is the likelihood that criminal organizations and networks will expand the scale and scope of their activities over the next 10 years? What is the likelihood that such groups will traffic in nuclear, biological, or chemical weapons?

- The dynamics of globalization, particularly the reduction or removal of barriers to travel, trade, communications, and financial transactions across borders, together with the explosion in computer technology, will enable criminal organizations groups to continue to expand their global operations over the next 10 yrs. They will also move beyond traditional rackets such as drugs, extortion, and prostitution to take advantage of new profit-making ventures such as cybercrime, financial crimes, and intellectual property rights theft.

- We cannot rule out an attempted WMD acquisition or sale by a criminal group, particularly if an unexpected opportunity presents itself, but we think it is unlikely that criminal organizations will try to become major traffickers of nuclear, biological, or chemical weapons. They would have to overcome considerable acquisition, handling and logistics challenges. The disappearance of weapons also would risk intense scrutiny from government authorities that could endanger the criminal organization and its other enterprises. In general, more conventional illicit pursuits generate safer, steadier income streams.

47) Where will the Administration be taking the war against terrorism next?

- CIA's counterterrorist campaign will focus on eliminating the al-Qa'ida terrorist threat while intensifying our operations against other terrorist groups. We will seek to apprehend al-Qa'ida members wherever they might be, to undermine al-Qa'ida's ability to carry out terrorist acts, and to prevent the terrorists from developing more sophisticated means of terrorist attack. We will also work to eliminate the ability of extremist support groups, such as the Wafa organization, to facilitate the terrorists' capability to carry out violence.

Upon what criteria were the decisions made to expand the efforts to those particular countries?

- Defer to NSC, State, and DOD.

What will be the anticipated effect on the countries in the coalition of these choices? (Explain each coalition country's reaction to each choice – Iran, Iraq, North Korea, other)

- The war on terrorism is too fluid, complex, and dependent on numerous sets of variables to provide a useful response to this question.

Criminal Organizations and Networks

48) With respect to each country that we believe is seeking to acquire weapons of mass destruction and the means to deliver them (intercontinental missiles), what intelligence do you have that shows what each of these countries believes will be the response of the United States if they were to launch against us? What are the US strategies to mitigate the WMD threat in each of these countries? What do we know about the likelihood that these countries would be deterred from using WMD against the U.S. if they knew they had a low chance of success, and that there would be a massive US response? How confident are we in the intelligence we have to answer that question? If we do not have a high level of confidence, how do you plan to acquire that information?

- The leadership of these countries most likely would expect a severe response from the United States if they attempted to use weapons of mass destruction. This recognition would provide incentives to find ways to move against the United States without playing to US strengths. The variables, conditions, and perceptions that would factor into a decision to use WMD against the United States are sufficiently complex and unpredictable, however, that we cannot rule out such an attempt, possibly born out of desperation or miscalculation.

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

SSCI #2002-0857/A

February 21, 2002

The Honorable Carl Ford
Assistant Secretary of State for Intelligence and Research
Department of State
Washington, D.C. 20520

Dear Mr. Ford:

We appreciate your participation in our February 6, 2002 hearing on the current and projected national security threats to the United States. Your willingness to address this important issue in open session was appreciated and made an important contribution, not only to the work of our Committee, but to the American public's awareness of U.S. national security interests.

We are submitting the attached questions for the record to you. The unclassified responses to these questions will be an important part of our hearing transcript which we hope to release as expeditiously as possible. Accordingly, we would appreciate it if you would respond in writing to these questions no later than March 11, 2002.

If there are any questions, please have your staff contact Don Mitchell of our Committee staff at (202) 224-1700. We appreciate your cooperation in this matter.

Sincerely,

Bob Graham
Chairman

Richard C. Shelby
Vice Chairman

Enclosure as stated

QUESTIONS FOR-THE-RECORD

The Intelligence Community's Ability to Monitor Terrorist Activity

1) The Intelligence Community is America's early warning system against threats to American lives and property both here and overseas. What are the Intelligence Community's greatest strengths and deficiencies in monitoring terrorism? What lessons have you learned from September 11, 2001 to address any shortcomings? Do you all believe that you have sufficient resources to fight the war on terrorism?

Duration of the War on Terror

2) In his speech to the Joint Session of Congress last September 20, President Bush said of the war on terrorism that "...[i]t will not end until every terrorist group of global reach has been found, stopped and defeated." In your opinion, how long will it take to attain this objective?

Nations Supporting Terrorism

3) In his speech to a Joint Session of Congress last September 20, President Bush stated that "[f]rom this day forward, any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime." The Secretary of State maintains a list of countries that have "repeatedly provided support for acts of international terrorism." Currently, the seven countries on this terrorism list are: Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria. How good is our intelligence on the terrorist related activities of these countries? Has the Intelligence Community noted any increase or diminution of these countries' support to terrorism since last September 11, 2001?

Embassy and Overseas Facilities Security

4) What is the nature and extent of the terrorist threat to U.S. diplomatic and military facilities overseas and how has it changed since September 11, 2001? Do you believe that the Departments of Defense and State have taken appropriate security measures to address the terrorist threat to all of their overseas facilities?

Possible Terrorist Use of "Conflict Diamonds"

5) The mining and sales of diamonds by parties to armed conflicts -- particularly Angola, Sierra Leone and the Democratic Republic of the Congo -- are regarded as a significant factor fueling such hostilities. These diamonds, known as

"conflict diamonds," comprise an estimated 3.7% to 15% of the value of the global diamond trade. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including al-Q'aida?

The Situation in Iraq

6) What is the likelihood that Saddam Hussein will be in power one year from now? How good is the Intelligence Community's ability to ascertain what is going on in Iraq? What is the likeliest scenario for Iraq when Saddam is removed from the scene? How will Iran and other neighboring countries react to Saddam's departure (e.g., invasion)? What evidence does the Intelligence Community have that Iraq may have been involved in the September 11, 2001 terrorist attacks? If the U.S. were to take military action to remove Saddam from power, what would be the likely reaction to this from U.S. allies, as well as other countries in the region? Is the Iraqi military's readiness at a high enough level to pose a significant threat to neighboring countries? What is the status of Iraq's weapons of mass destruction (WMD) capability?

The Situation in Iran

7) What is the status of President Khatami's hold on power? To what extent has he been an agent for democratic reform? Would it be accurate to characterize Iran as being as democratic a government as any other nation in the Islamic world? What is your assessment of the nature and extent of Iran's support for international terrorism? Does Iran continue to provide assistance to Hizballah in Lebanon and to Islamic-oriented Palestinian groups that oppose the Arab-Israeli peace process, such as Hamas and Palestinian Islamic Jihad (PIJ)? To what extent has the Iranian government provided support to the effort against al-Qa'ida and the Taliban since September 11, 2001? What is the status of Iran's WMD efforts? Does Iran continue to receive weaponry and WMD-related technology from China, Russia and North Korea?

Iranian Missile Capabilities

8) Last December's NIE on the ballistic missile threat states that "Iran is pursuing short- and long-range missile capabilities." Iran has one of the largest missile inventories in the Middle East. The Iranian missile program is designed to confront what specific security threats? Under what circumstances, if any, would Iran be likely to curtail its missile program?

Stability of the Jordanian Regime

9) How stable is the Jordanian regime of King Abdullah? What threats does King Abdullah face from Islamic fundamentalists? What is the likelihood that resurgent Palestinian nationalism will destabilize Jordan?

Saudi Arabia

10) How stable is the Saudi government? What factors would be most likely to bring about change in that country? To what extent are the Saudi government and public supportive of the U.S. led campaign against Usama Bin Ladin and terrorism? To what extent would the removal of U.S. military forces from Saudi Arabia diminish anti-U.S. sentiment both within Saudi Arabia and throughout the Islamic world?

Stability of the Syrian Regime

11) How stable is the regime of President Bashar al Asad of Syria? What are the most significant threats to his regime? What is the status of Syria's weapons of mass destruction infrastructure, as well as its support for international terrorism?

Qadhafi's Hold on Power in Libya

12) What is your assessment of Qadhafi's hold on power in Libya? What is your assessment of Qadhafi's ability to both further and frustrate Western policy objectives in the region? What is the status of Libya's weapons of mass destruction infrastructure, as well as its support for international terrorism?

Possibility of Support to Terrorists by the Palestinian Authority

13) Is there any evidence suggesting that the Palestinian Authority has been involved with or supported terrorist activities in the last year? Who would be the likely successor to Arafat as the head of the Palestinian Authority? What is the likelihood that the Palestinian leadership will become more radical after Arafat leaves the scene?

Vietnam

14) a) What is your assessment of the level of assistance provided by the Government of Vietnam to the U.S. on POW-MIA issues? Do you believe that there is any room for improvement in this area?

b) What is your assessment of Vietnam's record on human, religious and labor rights?

The Situation in Georgia

15) How strong is Eduard Shevardnadze's hold on power? To what extent is he making a serious effort to end corruption and strengthen Georgia's economy? What is the status of Georgia's relationship with Russia?

Russia's Closure of Intelligence Facilities in Cuba and Vietnam

16) On October 17, 2001, Russia announced that it will close its large electronic intelligence base in Lourdes, Cuba, as well as its naval base in Cam Ranh Bay, Vietnam. What is the status of the closure of these facilities? What will be the impact of the closure of these facilities on Russia's relations with Cuba and Vietnam?

Chechnya and Russia

17) What is the status of Russia's effort against Chechen guerrillas? Do we have information about a Chechen connection to Usama Bin Ladin?

The India-Pakistan Conflict

18) What is the likelihood that India and Pakistan will go to war within the next year? What is the likelihood that such a conflict would result in an exchange of nuclear weapons? Which nation would likely prevail in such a conflict? Why? What is the likelihood that both India and Pakistan will ultimately agree to accept the Line of Control (LOC) in Kashmir as their international border?

The Situation in North Korea

19) What is the likelihood that North and South Korea will unify within the next 5 years? What is the likelihood that unification between North and South Korea will be a peaceful process? Under what circumstances would a war be likely? How strong is Kim Jong-il's hold on power? Who will likely succeed him?

China

20) What is the likelihood that China will decrease its proliferation of weapons of mass destruction and missiles? To what extent have you observed an improvement in China's human rights policy? How cooperative has China been

with the U.S. on the war on terror? To what extent have close U.S.-Taiwan relations been an impediment to closer U.S.-China ties?

The Security of U.S. Interests in the Philippines

21) U.S. forces are providing training to the Philippines military. To what extent are U.S. personnel and interests in the Philippines at risk by Philippine Communist groups and Islamic extremists? To what extent has President Macapagal-Arroyo been made politically vulnerable by maintaining close ties to the U.S. and receiving counterterrorism support from the U.S. military?

Cuba After Castro

22) What is the Intelligence Community's current assessment of what will happen in Cuba after Castro passes from the scene? Does the Intelligence Community believe that the resumption of U.S. trade with Cuba could hasten economic and political reform in Cuba?

Colombia

23) To what extent is Colombia's weak economy -- falling exports, lack of progress on fiscal reforms, high unemployment -- having an impact on Colombia's government reform initiatives? What is the likelihood that President Pastrana will be able to reach a final settlement with the Revolutionary Armed Forces of Colombia (FARC) within the next year?

Haiti

24) Haiti's President Aristide has been confronting growing dissent. At what point will his hold on power be jeopardized? What is the likelihood that we will see an increase of Haitian migrants sailing for the U.S. in the next year?

Mexico

25) In the year since his inauguration, how successful has Mexico's President Fox been in bringing about an end to corruption, stepping up the fight against illicit narcotics, focusing more on human rights and generally bringing effective governance to his country?

Implications of U.S. Withdrawal from the ABM Treaty

26) On December 13, 2001, President Bush notified Russia that the U.S. intends to withdraw from the ABM Treaty -- the withdrawal to be completed in June of this year. How will Russia react militarily to the U.S. withdrawal from the ABM Treaty? What will China's likely military reaction be? What is the likelihood that the deployment of a U.S. ballistic missile defense will lead to the escalation of ballistic missile and tactical missile defense systems by other countries, as well as a commensurate increase in the number of ballistic and tactical missiles to overwhelm these defensive systems?

North Korea's Taepo Dong-2

27) Last December's NIE on the ballistic missile threat states that "North Korea's multiple-stage Taepo Dong-2, which is capable of reaching parts of the United States with a nuclear weapon-sized (several hundred kilogram) payload, may be ready for flight-testing." What will be the impact of the continuation of the North's flight test moratorium on the development of this missile? Under what circumstances would North Korea be likely to use its missile capability against the U.S.? What is the current estimate of the size of North Korea's nuclear weapon arsenal? How confident are we that North Korea is complying with the terms of the 1994 Agreed Framework regarding plutonium production activities in Yongbyon?

The Impact of HIV/AIDS and Other Infectious Diseases

28) What will be the impact of HIV/AIDS on Africa and other countries 10 years from now? Upon which countries is HIV/AIDS affecting the military and economy the most? Where do these trends seem to be heading in the long term? What other infectious diseases -- such as tuberculosis, malaria and hepatitis -- will have the most impact over the next 10 years?

Public Disclosure of the Aggregate Intelligence Budget

29) For a number of years, individuals have advocated the public disclosure of the aggregate intelligence budget. In your opinion, what would be the specific threat to U.S. national security from publicly disclosing the aggregate intelligence budget?

SSCI #2002-1338

RESPONSES TO

QUESTIONS FOR THE RECORD

Asked of

Assistant Secretary of State

For

Intelligence and Research

Carl W. Ford, Jr.

By the

Senate Select Committee on Intelligence

February 6, 2002

The Intelligence Community's Ability to Monitor Terrorist Activity

Q. 1) The Intelligence Community is America's early warning system against threats to American lives and property both here and overseas. What are the Intelligence Community's greatest strengths and deficiencies in monitoring terrorism? What lessons have you learned from September 11, 2001, to address any shortcomings? Do you all believe that you have sufficient resources to fight the war on terrorism?

A: PERHAPS THE GREATEST LESSON LEARNED FROM AN INTELLIGENCE PERSPECTIVE WITH REGARDS TO THE SEPTEMBER 11 ATTACKS ARE THE DIFFICULTIES ASSOCIATED WITH IDENTIFYING "CLEAN" TERRORISTS. THOSE TERRORISTS WITH NO PRIOR RECORD EITHER IN INTELLIGENCE OR POLICE FILES WILL REMAIN A SIGNIFICANT THREAT FOR THE FORESEEABLE FUTURE. EFFORTS ARE, HOWEVER, CURRENTLY UNDERWAY TO IMPROVE INTELLIGENCE AND LAW ENFORCEMENT COOPERATION WORLDWIDE AND, AS A RESULT, WE HAVE SEEN SEVERAL HIGH-PROFILE ARRESTS IN EUROPE, ASIA, AND ELSEWHERE. WE WOULD DIRECT YOU TO CIA AND FBI FOR ASSESSMENTS OF DEVELOPMENTS IN PARTICULAR INTERNATIONAL LAW ENFORECEMENT AND INTELLIGENCE PARTNERSHIPS.

Duration of the War on Terror

Q. 2) In his speech to the Joint Session of Congress last September 20, President Bush said of the war on terrorism that "it will not end until every terrorist group of global reach has been found, stopped and defeated." In your opinion, how long will it take to attain this objective?

A: THE WHITE HOUSE AND THE DEPARTMENT OF DEFENSE CAN BETTER RESPOND TO QUESTIONS REGARDING PROPOSED TIMELINES FOR THE COMPLETION OF THE VARIOUS PHASES OF MILITARY OPERATIONS. WITH REGARDS TO STATE DEPARTMENT'S INITIATIVES IN THE WAR ON TERRORISM, AS YOU ARE AWARE DIPLOMATIC EFFORTS ARE ONGOING AT ALL TIMES.

Nations Supporting Terrorism

Q. 3) In his speech to a Joint Session of Congress last September 20, President Bush stated that "from this day forward, any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime." The Secretary of State maintains a list of countries that have "repeatedly provided support for acts of international terrorism." Currently, the seven countries on this terrorism list are: Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria. How good is our intelligence on the terrorist related activities of these countries? Has the intelligence community noted any increase or diminution of these countries support to terrorism since last September 11, 2001?

A: INFORMATION DRAWN FROM NUMEROUS SOURCES ALLOWS US TO DETERMINE THAT ALL SEVEN STATE SPONSORS CONTINUE TO SUPPORT TERRORISM TO SOME DEGREE.

SINCE SEPTEMBER 11, THE COUNTRIES LISTED HAVE DONE THE FOLLOWING:

IRAN: PRESIDENT KHATAMI CONDEMNED THE SEPTEMBER 11 ATTACKS AGAINST THE UNITED STATES AND OFFERED CONDOLENCES TO THE AMERICAN PEOPLE. ALTHOUGH SOME ARAB AFGHANS, INCLUDING AL QA'IDA MEMBERS, HAVE USED IRAN AS A TRANSIT ROUTE TO AND FROM AFGHANISTAN, THERE IS NO EVIDENCE OF IRANIAN OR HIZBALLAH SPONSORSHIP OR FOREKNOWLEDGE OF THE SEPTEMBER 11 ATTACKS.

IRAQ: A COMMENTARY ON THE OFFICIAL TELEVISION IRAQI STATION ON SEPTEMBER 11 STATED THAT AMERICA WAS "…REAPING THE FRUITS OF [ITS] CRIMES AGAINST HUMANITY." A SUBSEQUENT COMMENTARY IN A NEWSPAPER RUN BY ONE OF SADDAM'S SONS EXPRESSED SYMPATHY FOR USAMA BIN LADIN FOLLOWING INITIAL US RETALIATORY STRIKES.

SYRIA DENOUNCED THE 11 SEPTEMBER ATTACKS AGAINST THE UNITED STATES. IT HAS BEEN CONSISTENT IN ITS OPPOSITION TO THE PRESENCE OF BIN LADIN-RELATED TERRORISTS IN SYRIA AND HAS EXPELLED SEVERAL. DAMASCUS ALSO EXPRESSED ITS WILLINGNESS TO SUPPORT US EFFORTS TO TRACK AND CAPTURE AL-QA'IDA MEMBERS.

LIBYA: ON SEPTEMBER 11TH LIBYAN LEADER QADHAFI ISSUED A PRESS STATEMENT CALLING THE ATTACKS HORRIFIC AND GRUESOME, AND URGED LIBYANS TO DONATE BLOOD FOR THE VICTIMS. HE LATER SAID THAT US RETALIATION WOULD BE AN ACT OF SELF-DEFENSE.

NORTH KOREA: PYONGYANG MADE SEVERAL OFFICIAL STATEMENTS CONDEMNING THE 11SEPTEMBER ATTACKS, AND EXTENDED CONDOLENCES TO THE UNITED STATES. FOLLOWING THE 11 SEPTEMBER ATTACKS, NORTH KOREA SIGNED TWO ANTI-TERRORISM CONVENTIONS AND INDICATED A WILLINGNESS TO SIGN ALL REMAINING CONVENTIONS.

CUBA: SINCE 11 SEPTEMBER, HE HAS SIGNED ALL 12 UN COUNTERTERRORISM CONVENTIONS AS WELL AS TO THE IBERO-AMERICAN DECLARATION ON TERRORISM AT THIS YEAR'S SUMMIT IN AN EFFORT TO DEMONSTRATE CUBAN SUPPORT FOR THE INTERNATIONAL WAR ON TERRORISM. MOREOVER, CUBA SAID THAT IT WOULD NOT OBSTRUCT THE DETENTION OF SUSPECTED TERRORISTS AT THE U.S. NAVAL BASE IN GUANTANAMO BAY, CUBA, DESPITE ITS DIFFERENCES WITH THE U.S. OVER HOW TO COMBAT TERRORISM.

SUDAN CONDEMNED THE 11 SEPTEMBER ATTACKS AND PLEDGED ITS COMMITMENT TO COMBATING TERRORISM AND FULLY COOPERATING WITH THE UNITED STATES. THE SUDANESE GOVERNMENT HAS STEPPED UP ITS COUNTERTERRORISM COOPERATION WITH VARIOUS US AGENCIES, AND SUDANESE AUTHORITIES HAVE INVESTIGATED AND APPREHENDED EXTREMISTS SUSPECTED OF INVOLVEMENT IN TERRORIST ACTIVITIES.

Embassy and Overseas Facilities Security

Q. 4) What is the nature and extend to the terrorist threa to U.S. Diplomatic and military facilities overseas and how has it changed since September 11, 2001? Do you believe that the Departments of Defense and State have taken appropriate security measures to address the terrorist threat to all of their overseas facilities?

A. WE CONTINUALLY RECEIVE THREAT RELATED REPORTING THAT CONCERNS US INTERESTS AND FACILITIES BOTH AT HOME AND ABROAD. WE ASSESS THAT A PORTION OF THESE REPORTS REFLECT ACTUAL TERRORIST PLANNING TO ATTACK THE US OR ITS ALLIES. DESPITE THE IMPACT OF OPERATION ENDURING FREEDOM, WE BELIEVE THAT AL-QAIDA AND ITS AFFILIATES REMAIN CAPABLE OF LAUNCHING ATTACKS, AS DO NON-AL-QAIDA RELATED TERRORIST GROUPS. AS THIS IS THE CASE US FACILITIES OVERSEAS FREQUENTLY REVIEW AND ADJUST THEIR SECURITY POSTURE BASED ON CHANGES IN THE LOCAL ENVIRONMENT. ADDITIONALLY, THE DEPARTMENT REGULARLY REVIEWS THREAT INFORMATION FOR RELEASE IN A MODIFIED FORMAT TO US PERSONS AND BUSINESSES ABROAD. WE WOULD DIRECT YOU TO DEFENSE DEPARTMENT FOR INFORMATION REGARDING THEIR WORLDWIDE SECURITY POSTURE.

Possible Terrorist Use of "Conflict Diamonds"

Q. 5) The mining and sales of diamonds by parties to armed conflicts -- particularly Angola, Sierra Leone and the Democraic Republic of the Congo -- are regtarded as a significant factor fueling such hostilities. These diamonds, known as :conflict diamonds" comprise an estimated 3.7 to 15% of the value of the global diamond trade. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including Al-Q'aida?

A: MEDIA REPORTS HAVE RECENTLY RAISED THE POSSIBILITY OF THE INVOLVEMENT OF TERRORIST ORGANIZATIONS IN THE "CONFLICT DIAMOND" TRADE. WE CANNOT CONFIRM ANY LINKS BETWEEN TERRORIST GROUPS SUCH AS HIZBALLAH OR AL-QAIDA AND THE USE OF ILLEGAL DIAMONDS TO RAISE FUNDS OR LAUNDER MONEY, HOWEVER WE CONTINUE TO INVESTIGATE THE ALLEGATIONS.

The Situation in Iraq

Q.6) What is the likelihood that Saddam Hussein will be in power one year from now? How good is the Intelligence Community's ability to ascertain what is going on in Iraq? What is the likeliest scenario for Iraq whn Saddam is removed from the scene? How will Iran and other neighboring countries react to Saddam's departure (e.g., invasion)? What evidence does he Intelligence Community have that Iraq may have been involved in the September 11, 2001 terrorist attacks? If the U.S. were to take military action to remove Saddam from power, what would be the likely reaction to this from U.S. allies, as well as other countries in the region?

A: WE HAVE NOTED REPORTS OF CONTACT BETWEEN AN IRAQI OFFICIAL AND MOHAMED ATTA, A KEY FIGURE IN THE WORLD TRADE CENTER ATTACKS. THIS CONTACT CONCERNS US AND REMAINS UNDER INVESTIGATION BUT IT DOES NOT DEFINITIVELY LINK IRAQ TO THE SEPTEMBER 11 ATTACKS. IRAQ, HOWEVER, REMAINS A STATE SPONSOR OF TERRORISM AND AS SUCH ITS ACTIVITIES REQUIRE A CONSIDERABLE AMOUNT OF OUR ATTENTION. IT PROVIDES BASES TO VARIOUS TERRORIST GROUPS INCLUDING THE PALESTINE LIBERATION FRONT, THE ABU NIDAL ORGANIZATION. IN EARLY DECEMBER, ISRAELI AUTHORITIES ANNOUNCED THE ARREST OF A PLF MEMBER WHO HAD ALLEGEDLY TRAINED IN IRAQ AND WAS SUSPECTED OF PARTICIPATING IN ANTI-ISRAELI ATTACKS. IN A MEETING WITH FORMER PFLP SECRETARY GENERAL HABBASH IN BAGHDAD IN JANUARY 2001, THE IRAQI VICE PRESIDENT SAID IRAQ CONTINUED TO SUPPORT THE INTIFADA USING ALL AVAILABLE MEANS, ACCORDING TO IRAQI STATE RADIO. IN MID-SEPTEMBER A SENIOR DELEGATION

FROM THE PFLP MET WITH THE IRAQI DEPUTY PRIME MINISTER. THE LEADER OF THE PFLP DELEGATION THANKED IRAQ FOR ITS SUPPORT THAT ENCOURAGED AND MAINTAINED THE INTIFADA. BAGHDAD ALSO CONTINUES TO HOST THE 15 MAY ORGANIZATION, THE MUJAHEDIN E KHALQ, AND THE KURDISH WORKER'S PARTY. THE CZECHS EXPELLED AN IRAQI INTELLIGENCE OFFICER IN APRIL 2001 FOLLOWING REPORTS THAT IRAQI OPERATIVES MIGHT RETALIATE AGAINST THE US FUNDED RADIO FREE EUROPE/RADIO LIBERTY FOR BROADCASTS CRITICAL OF THE IRAQI REGIME. SEPARATELY THE SAME IRAQI OFFICIAL WAS IDENTIFIED BY CZECH AUTHORITIES AS HAVING MET WITH ATTA.

Q. Is the Iraqi military's readiness at a high enough level to pose a significant threat to neighboring countries? What is the status of Iraq's weapons of mass destruction (WMD) capability?

A.

- Baghdad has refused since December 1998 to allow United Nations inspectors into Iraq as required by Security Council Resolution 687. Having lost this on-the-ground access, it is more difficult to accurately assess the current state of Iraq's WMD programs.

- Iraq's past behavior, it is likely that Baghdad has used Given the intervening period to take steps toward reconstituting prohibited programs. Iraq's failure to

submit an accurate Full, Final, and Complete Disclosure (FFCD) in either 1995 or 1997, coupled with its extensive concealment efforts, suggest that the BW program has continued.

- Since the Gulf war, Iraq has rebuilt key portions of its chemical production infrastructure for industrial and commercial use, as well as its missile production facilities.

- Baghdad is assessed to be capable of reinitiating its CW programs within a few weeks to months. In addition, Iraq appears to be installing or repairing dual-use equipment at CW-related facilities. Some of these facilities could be converted fairly quickly for production of CW agents.

- Iraq has also rebuilt a plant that produces castor oil, allegedly for brake fluid. The mash left over from this production could be used to produce ricin, a biological toxin. Iraq has continued dual-use research that could improve BW agent R&D capabilities. With the absence of a monitoring regime and Iraq's growing industrial self-sufficiency, we remain concerned that Iraq may again be producing biological warfare agents.

- Iraq has attempted to purchase numerous dual-use items for, or under the guise of, legitimate civilian use. This equipment (in principle subject to UN scrutiny) could be diverted for WMD purposes.

- Iraq has probably continued low-level theoretical R&D associated with its nuclear program. Baghdad may be attempting to acquire materials and equipment that could aid in reconstituting its nuclear weapons program.

- Iraq continues to pursue development of SRBM systems that are not prohibited by UN Security Council resolutions, and may be expanding to longer-range systems. The Intelligence Community believes that Iraq probably also retains a small, covert force of Scud-type missiles.

Situation in Iran

Q. 7) What is the status of President Khatami's hold on power? To what extent has he been an agent for democratic reform? Would it be accurate to characterize Iran as being as democratic a government as any other nation in the Islamic world?

PRESIDENT KHATAMI'S POLITICAL STRENGTH HAS ALWAYS RESTED ON POPULAR SUPPORT, NOT CONSTITUTIONAL AUTHORITY. THE REAL POWER IN THE ISLAMIC REPUBLIC IS HELD BY SUPREME LEADER KHAMENEI. IN HIS FIRST TERM, KHATAMI MANAGED TO SHAKE UP THE ESTABLISHMENT, ADVANCING THE RULE OF LAW THROUGH CABINET REFORMS AND INCREASING DEMOCRATIC REPRESENTATION BY INSTITUTING LOCAL GOVERNMENT COUNCILS IN 1999 AND OVERSEEING A REFORMIST TAKEOVER OF THE PARLIAMENT IN 2000. EVER SINCE THE CONSERVATIVES STRUCK BACK THROUGH THE HARD-LINE JUDICIARY, HOWEVER, THE PRESIDENT HAS NOT EFFECTIVELY DEFENDED THOSE REFORM GAINS OR THEIR PROPONENTS. IN FAILING TO MAKE GOOD ON REFORMIST PROMISES, KHATAMI THUS HAS LOST MUCH PERSONAL CREDIBILITY AT HOME--BOTH AS A FORMIDABLE ADVERSARY AMONG HIS CONSERVATIVE OPPONENTS, AND AS THE CHAMPION OF CHANGE AMONG THE GENERAL PUBLIC. NONETHELESS, PRESSURE FOR REFORM CONTINUES; THE BATTLE IS FAR FROM OVER. IRAN, DESPITE THE SETBACKS OF THE LAST COUPLE OF YEARS, STANDS AMONG THE MOST DEMOCRATIC GOVERNMENTS OF THE ISLAMIC

WORLD.

Q. What is your assessment of the nature and extent of Iran's support for international terrorism? Does Iran continue to provide assistance to Hizballah in Lebanon and to Islamic-oriented Palestinian groups that oppose the Arab-Israeli peace process, such as Hamas and Palestinian Islamic Jihad (PIJ)? To what extent has the Iranian government provided support to the effort against al-Q'aida and the Taliban since September 11, 2001?

A: IRAN'S INVOLVEMENT IN TERRORIST-RELATED ACTIVITIES REMAINED FOCUSED ON SUPPORT FOR GROUPS OPPOSED TO ISRAEL. THIS SUPPORT APPEARS TO HAVE INTENSIFIED SINCE THE INTIFADA BEGAN IN SEPTEMBER 2000. DURING 2001 IRAN SOUGHT A HIGH-PROFILE POLITICAL ROLE IN ENCOURAGING ANTI-ISRAELI ACTIVITY, WHILE AT THE SAME TIME INCREASING ITS SUPPORT FOR GROUPS ENGAGED IN TERRORIST-RELATED ACTIVITIES. IRAN CONTINUED TO PROVIDE LEBANESE HIZBALLAH AND THE PALESTINIAN REJECTIONIST GROUPS--NOTABLY HAMAS, THE PALESTINE ISLAMIC JIHAD, AND THE PFLP-GC--WITH VARYING AMOUNTS OF FUNDING, SAFEHAVEN, TRAINING, AND WEAPONS. IT ALSO ENCOURAGED HIZBALLAH AND THE PALESTINIAN GROUPS TO COORDINATE THEIR PLANNING AND TO ESCALATE THEIR ACTIVITIES AGAINST ISRAEL. IRAN ALSO PROVIDED LIMITED SUPPORT TO EXTREMIST GROUPS IN THE PERSIAN GULF, AFRICA, TURKEY, AND CENTRAL ASIA. THIS SUPPORT IS AT A CONSIDERABLY LOWER LEVEL THAN THAT PROVIDED TO THE GROUPS OPPOSED TO ISRAEL AND HAS BEEN DECREASING IN RECENT YEARS.

Q. What is the status of Iran's WMD efforts? Does Iran continue to receive weaponry and WMD-related technology from China, Russia and North Korea?

A: IRAN IS ATTEMPTING TO DEVELOP AN INDIGENOUS CAPABILITY TO PRODUCE ALL TYPES OF WMD -- NUCLEAR, CHEMICAL, AND BIOLOGICAL WEAPONS -- AND ASSORTED SYSTEMS TO DELIVER SUCH WEAPONS. IN DOING SO, IT HAS ATTEMPTED TO ACQUIRE RELEVANT TECHNICAL EXPERTISE, MATERIALS, AND TECHNOLOGIES FROM A NUMBER OF COUNTRIES, BUT HAS FOCUSED TO VARYING DEGREES WITHIN THE WMD DISCIPLINES ON ENTITIES IN RUSSIA, CHINA, AND NORTH KOREA.

NUCLEAR. IRAN HAS AN ORGANIZED STRUCTURE DEDICATED TO DEVELOPING NUCLEAR WEAPONS BY TRYING TO ESTABLISH THE CAPABILITY TO PRODUCE BOTH HIGHLY ENRICHED URANIUM AND PLUTONIUM. IT HAS ATTEMPTED TO USE ITS CIVILIAN NUCLEAR ENERGY PROGRAM, WHICH IS QUITE MODEST IN SCOPE, TO JUSTIFY EFFORTS TO ESTABLISH DOMESTICALLY OR OTHERWISE ACQUIRE FUEL CYCLE CAPABILITIES. SUCH CAPABILITIES, HOWEVER, CAN SUPPORT FISSILE MATERIAL PRODUCTION, WHICH WE BELIEVE IS THE DRIVING OBJECTIVE BEHIND IRAN'S ACQUISITION EFFORTS. RUSSIAN ENTITIES REMAIN THE PRIMARY SOURCE OF SUPPORT TO IRAN'S NUCLEAR PROGRAM. THE POTENTIAL AVAILABILITY OF BLACK MARKET FISSILE MATERIAL ALSO MIGHT PROVIDE A SHORTCUT BY

WHICH IRAN COULD ACQUIRE THE FISSILE MATERIAL NEEDED FOR NUCLEAR WEAPONS.

CHEMICAL. IRAN BEGAN ITS CHEMICAL WARFARE (CW) PROGRAM DURING THE IRAN-IRAQ WAR, BUT DID NOT ACKNOWLEDGE ITS EXISTENCE UNTIL A MAY, 1998 SESSION OF THE CWC CONFERENCE OF STATES PARTIES. IRAN HAS MANUFACTURED AND STOCKPILED BLISTER, BLOOD, AND CHOKING CHEMICAL AGENTS AND HAS SUCCESSFULLY WEAPONIZED SOME OF THESE AGENTS. IRAN ALSO CONTINUES TO SEEK PRODUCTION TECHNOLOGY, EXPERTISE AND CHEMICAL PRECURSORS FROM ENTITIES IN RUSSIA, CHINA, AND WESTERN EUROPE, WITH THE GOAL OF CREATING A SELF-SUFFICIENT CW INFRASTRUCTURE.

BIOLOGICAL. IRAN HAS A ROWING BIOTECHNOLOGY INDUSTRY, SIGNIFICANT PHARMACEUTICAL EXPERIENCE, AND THE OVERALL INFRASTRUCTURE TO SUPPORT A BIOLOGICAL WARFARE (BW) PROGRAM. IRAN IS ASSESSED TO BE ACTIVELY PURSUING OFFENSIVE BW CAPABILITIES AND MAY HAVE SMALL QUANTITIES OF USEABLE AGENT FOR LIMITED DEPLOYMENT. TEHRAN HAS EXPANDED ITS EFFORTS TO SEEK CONSIDERABLE DUAL-USE BIO-TECHNICAL MATERIALS AND EXPERTISE FROM ENTITIES IN RUSSIA AND CHINA. OUTSIDE ASSISTANCE WILL BE CRITICAL TO THE SUCCESS OF AN IRANIAN BW PROGRAM AND WILL BE DIFFICULT TO THWART OWING TO THE DUAL-USE NATURE OF THE MATERIALS AND EQUIPMENT INVOLVED.

MISSILES. IRAN HAS INCREASED EMPHASIS ON ITS BALLISTIC MISSILE PROGRAM. IT CURRENTLY HAS A FORCE OF 300-KILOMETER RANGE SCUD B, 500-KM RANGE SCUD C, AND CHINESE-MADE SHORT-RANGE (150-KM) BALLISTIC MISSILES AND HAS THE CAPABILITY TO PRODUCE SCUDS. ITS CURRENT MAIN FOCUS APPEARS TO BE ON PRODUCTION OF THE SHAHAB-3 MEDIUM RANGE BALLISTIC MISSILE, WHICH IS BASED ON THE NORTH KOREAN NO DONG AND IS EXPECTED TO HAVE A 1,300-KM RANGE. IRAN HAS ATTEMPTED TO FLIGHT TEST THE SHAHAB-3 SEVERAL TIMES, WITH LIMITED SUCCESS; THE MISSILE REMAINS IN THE DEVELOPMENT STAGE. IRAN IS ALSO INTERESTED IN EVEN LONGER-RANGE SYSTEMS, BUT IN OUR JUDGMENT IT WILL BE AT LEAST SEVERAL YEARS BEFORE EVEN THE CRUDEST OF THESE SYSTEMS IS COMPLETED -- ABSENT MASSIVE AND SUSTAINED FOREIGN ASSISTANCE.

IRAN HISTORICALLY HAS RECEIVED CRITICAL ASSISTANCE IN ITS MISSILE DEVELOPMENT EFFORTS FROM ENTITIES IN RUSSIA, CHINA, AND NORTH KOREA. IT REMAINS DEPENDENT UPON SUCH ASSISTANCE FOR ITS CURRENT MISSILE DEVELOPMENT WORK.

Iranian Missile Capabilities

Q. 8) Last December's NIE on the ballistic missile threat states that "Iran is pursuing short- and long-range missile capabilities." Iran has one of the largest missile inventories in the Middle East. The Iranian missile program is designed to confront what specific security threats? Under what circumstances, if any, would Iran be likely to curtail its missile program?

A: IRAN CONSIDERS ITS MISSILE FORCES TO BE A KEY ELEMENT OF ITS STRATEGIC DETERRENCE CAPABILITY, INTENDED TO COUNTER POTENTIAL MILITARY AGGRESSION (AS WHEN IRAQ CARRIED OUT A SERIES OF MISSILE ATTACKS AGAINST IRANIAN CITIES IN THE 1980-88 IRAN-IRAQ WAR). AT PRESENT, TEHRAN VIEWS ITS PRIMARY NATIONAL SECURITY THREATS AS COMING FROM IRAQ, ISRAEL, AND THE UNITED STATES. A WITHDRAWAL OF U.S. FORCES FROM THE PERSIAN GULF REGION, SOUTH ASIA, AND AFGHANISTAN, AND A REGION-WIDE MUTUAL DISARMAMENT PROGRAM OR SECURITY PACT THAT DEFINES REDUCED FORCE LIMITS MIGHT PERSUADE IRAN TO CURTAIL ITS STRATEGIC MISSILE PROGRAM.

Stability of the Jordanian Regime

Q. 9) How stable is the Jordanian regime of King Abdullah? What threats does King Abdullah face from Islamic fundamentalists? What is the likelihood that resurgent Palestinian nationalism will destabilize Jordan?

JORDAN'S KING ABDULLAH HAS BECOME INCREASINGLY SELF-ASSURED DURING HIS THREE YEARS ON THE THRONE AND HAS BEGUN TO CLARIFY AND PURSUE A DOMESTIC POLITICAL AND ECONOMIC PROGRAM DESIGNED TO ADDRESS SOME OF HIS COUNTRY'S BASIC PROBLEMS. THE KING MOVED FORCEFULLY TO BACK THE U.S. IN THE WAR AGAINST TERRORISM AND HAS ACTED AS A MODERATING INFLUENCE IN THE ISRAELI-PALESTINIAN CONFLICT. HOWEVER 17-MONTHS OF INTIFADA VIOLENCE, ONGOING UNCERTAINTY OVER IRAQ, NEW PRESSURES ARISING FROM SEPTEMBER 11 AND THE CONTINUED SLUGGISHNESS OF THE JORDANIAN ECONOMY FORCE THE KING TO DEFEND HIS POLICIES TO A JORDANIAN PUBLIC THAT IS DISSATISFIED AND APPREHENSIVE ABOUT THE REGIONAL SITUATION, ESPECIALLY WITH REGARD TO U.S. POLICY ON IRAQ AND THE ISRAELI-PALESTINIAN CONFLICT.

JORDANIAN ISLAMIC GROUPS PARTICIPATE OPENLY IN JORDANIAN POLITICS. THEY TEND TO BE CRITICAL OF THE REGIME, BUT HAVE A VESTED INTEREST IN CONTINUING TO WORK WITHIN THE SYSTEM. THE PRIMARY THREAT THE JORDANIAN REGIME FACES FROM THESE GROUPS IS ONE TO PUBLIC ORDER. LARGE-SCALE DEMONSTRATIONS

HAVE BEEN EFFECTIVELY BANNED IN JORDAN SINCE SHORTLY AFTER THE BEGINNING OF THE "AL-AQSA INTIFADA" DUE TO THE DIFFICULTIES JORDANIAN SECURITY SERVICES WERE HAVING IN CONTAINING THE STRONG EMOTIONS OF DEMONSTRATORS PROTESTING ISRAEL'S TREATMENT OF PALESTINIANS ON THE WEST BANK AND IN GAZA. ISLAMIC GROUPS HAVE GENERALLY RESPECTED THE BAN, BUT EPISODIC DEMONSTRATIONS HAVE BEEN HELD.

WELL OVER HALF OF ALL JORDANIANS ARE PALESTINIAN IN ORIGIN AND THEY ARE EQUALLY EMOTIONAL WHEN IT COMES TO THE PLIGHT OF WEST BANK AND GAZAN PALESTINIANS. THE THREAT OF POTENTIALLY VIOLENT STREET DEMONSTRATIONS RISES WHEN ISRAELI-PALESTINIAN VIOLENCE RISES. UNLIKE THE PALESTINIAN POPULATIONS IN SURROUNDING ARAB COUNTRIES, PALESTINIANS IN JORDAN ENJOY CITIZENSHIP AND PARTICIPATE IN THE JORDANIAN POLITICAL SYSTEM. THEY DO NOT ADVOCATE REPLACING KING ABDULLAH AND VOICE THEIR POLITICAL OPINIONS THROUGH THE LEGAL AND DEMOCRATIC MEANS AVAILABLE TO ALL JORDANIANS.

Saudi Arabia

Q: 10) How stable is the Saudi Government?

A:

- FOR THE FORESEEABLE FUTURE FORCES FOR STABILITY IN SAUDI ARABIA OUTWEIGH THOSE AGAINST STABILITY.

FORCES FOR STABILITY:

--CROWN PRINCE ABDULLAH IS ONE OF THE MOST POPULAR SAUDI LEADERS EVER, IN LARGE PART BECAUSE OF HIS ABILITY TO EXPRESS COMMONLY HELD FEELINGS AND TO SPEAK IN TERMS EASILY UNDERSTOOD BY THE SAUDI PEOPLE. ABDULLAH ALSO IS SEEN AS RELIGIOUS AND LIVING ACCORDING TO ISLAMIC TEACHINGS. HIS COMMON TOUCH IS DEMONSTRATED BY HIS VISITS TO ORDINARY SHOPS, RURAL VILLAGES, AND REMOTE AREAS OF THE COUNTRY. ABDULLAH ALSO IS KNOWN AS A REFORMER AND HAS SPOKEN OUT (THOUGH NOT YET MADE MUCH ACTUAL PROGRESS) ON ISSUES SUCH AS IMPROVING EDUCATION AND WOMEN'S RIGHTS.

--SAUDI ARABIA IS A CONSERVATIVE SOCIETY, VERY RESPECTFUL OF AUTHORITY, AND WANTING TO AVOID CIVIL UNREST. IN THE NEAR TERM, IT IS UNLIKELY THE MAJORITY OF SAUDIS WOULD SUPPORT AN OVERTHROW THE AL SAUD GOVERNMENT.

--IN ADDITION TO ROYAL FAMILY MEMBERS, THE MERCHANT CLASS, BUSINESS CLASS, MANY OF THE ISLAMIC CLERICS, AND MANY

ORDINARY SAUDIS WOULD NOT WANT A GOVERNMENT RUN BY EXTREMISTS.

FORCES AGAINST STABILITY:

--THE SAUDI HIGH POPULATION GROWTH RATE (OVER THREE PERCENT A YEAR) AND YOUTH BULGE (HALF THE POPULATION IS UNDER 15) PLUS AN ECONOMY OVERLY DEPENDENT ON OIL AND OFFERING TOO FEW JOBS IS A POTENTIALLY DESTABILIZING SITUATION.

--SAUDI SCHOOLS AND COLLEGES HAVE NOT ADEQUATELY EDUCATED YOUNG PEOPLE FOR JOBS NEEDED IN A MODERN ECONOMY. EVEN IF EDUCATIONAL REFORMS ARE IMPLEMENTED SOON IT WILL TAKE MANY YEARS TO PRODUCE A GENERATION OF COMPETENT WORKERS. UNEMPLOYED AND DISCONTENT YOUTH ARE VULNERABLE TO THE INFLUENCE OF ISLAMIC EXTREMISM.

--THE GROWING NUMBER OF AL SAUD ROYAL FAMILY MEMBERS (POSSIBLY AS MANY AS 8,000 PRINCES) ALL OF WHOM RECEIVE STIPENDS AND PRIVILEGES MAY EVENTUALLY BE CONSIDERED AN UNNECESSARY DRAIN ON THE ECONOMY. SOME ROYALS ARE SEEN TO LIVE EXCESSIVELY AND NOT ACCORDING TO ISLAMIC TEACHINGS.

Q. What factors would be most likely to bring about change in that country?

A:

- ECONOMIC DIVERSIFICATION AND REFORM THAT WOULD OPEN UP THE JOB MARKET TO THE SAUDI POPULATION, AND ALLOW THE COUNTRY TO MOVE FROM UNDER HEAVY DEPENDENCE ON OIL.
- REFORM OF THE EDUCATION SYSTEM (NOW RECOGNIZED BY SAUDI LEADERS AS IMPORTANT) SO THAT YOUNG PEOPLE ARE PROVIDED A MORE ROUNDED EDUCATION ABOUT VARIOUS SUBJECTS AND CULTURES, AND ARE BETTER PREPARED TO PARTICIPATE IN THE MODERN ECONOMY.

Q: To what extent are the Saudi government and public supportive of the U.S. led campaign against UBL and terrorism?

- THE SAUDI GOVERNMENT HIGHLY SUPPORTS THE US LED CAMPAIGN AGAINST USAMA BIN LADEN WHO SEEKS THE DOWNFALL OF THE AL SAUD REGIME AND FAMILY AS HIS KEY GOAL. THE CROWN PRINCE HAS DENOUNCED THE AL QAIDA, SUICIDE BOMBINGS, AND ALL KILLING OF INNOCENT PEOPLE. HE HAS ASKED SAUDI CLERICAL LEADERS TO EMPHASIZE PEACE AND AVOID STIRRING UP ANTI-MUSLIM SENTIMENT. SAUDI PRACTICE, HOWEVER, MAKES COOPERATION ON SOME ASPECTS OF THE ANTI-TERRORISM CAMPAIGN DIFFICULT AND SLOW. FOR EXAMPLE, THE SAUDI BANKING SYSTEM IS NOT TOTALLY TRANSPARENT, AND RIYADH HAS NOT MAINTAINED STRICT

OVERSIGHT ON NGOS ABROAD. THE SAUDI GOVERNMENT IS MAKING CHANGES, BUT THESE WILL LIKELY COME SLOWLY.

- THE SAUDI PEOPLE MAY HAVE MIXED SENTIMENTS ABOUT THE US LED WAR ON TERRORISM. WHILE MOST SAUDIS CONDEMNED THE KILLING OF INNOCENT PEOPLE ON SEPTEMBER 11, SINCE THE INTIFADA BEGAN 17 MONTHS AGO, ANTI-US SENTIMENT HAS GROWN AMONG THE SAUDIS WHO HOLD THE UNITED STATES RESPONSIBLE FOR ISRAEL'S ACTIONS AGAINST THE PALESTINIANS. SAUDIS WIDELY BELIEVE THE UNITED STATES IS BIASED TOWARD ISRAEL AND KEEPS ISRAEL WELL SUPPLIED WITH ARMS NO MATTER WHAT ISRAEL DOES. THEY SEE THE PALESTINIAN PEOPLE AS VICTIMS WHOSE LANDS ARE UNFAIRLY "OCCUPIED" BY ISRAEL THROUGH THE USE OF WEAPONS PROVIDED BY WASHINGTON. WHILE MANY SAUDIS WOULD NOT WANT USAMA BIN LADEN OR ANY "EXTREMIST" RUNNING THEIR GOVERNMENT, MANY AGREE WITH HIS MESSAGE CONCERNING THE PALESTINIANS AND HIS CRITICISM OF THE US SUPPORT FOR ISRAEL.

Q. To what extent would the removal of us military forces from Saudi Arabia diminish anti-U.S. sentiment both within Saudi Arabia and throughout the Islamic world?

- REMOVAL OF US MILITARY FORCES FROM SAUDI ARABIA MAY DIMINISH ANTI-US SENTIMENT IN SAUDI ARABIA AND IN OTHER

PARTS OF THE ISLAMIC WORLD, ESPECIALLY AMONG RADICALS AND ACTIVISTS. BUT SUCH AN ACT MAY ALSO EMBOLDEN MILITANTS ESPECIALLY IF IT IS SEEN AS A RESULT OF USAMA BIN LADEN'S CALL FOR THE REMOVAL OF US TROOPS.

Stability of the Syrian Regime

Q. 11) How stable is the regime of Syrian President Bashar al-Asad? What are the most significant threats to his regime? What is the status of Syria's weapons of mass destruction infrastructure, as well as its support for international terrorism?

WITH NEARLY TWO YEARS UNDER HIS BELT AS SYRIAN PRESIDENT, BASHAR AL ASAD IS TAKING STEPS TO CONSOLIDATE HIS AUTHORITY. HIS REGIME APPEARS STABLE, WITH FEW INTERNAL THREATS TO HIS POWER. IN DECEMBER, ASAD EFFECTED A MAJOR CABINET RESHUFFLE THAT REPLACED NUMEROUS OLD GUARD ELITE WITH MORE REFORM-ORIENTED TECHNOCRATS. OF THE EIGHTEEN NEW CABINET MEMBERS, TWO STANDOUTS INCLUDE THE REPLACEMENT OF THE LONGSTANDING ECONOMICS MINISTER WITH A LIBERAL-MINDED, WORLD BANK ECONOMIST AND THE APPOINTMENT OF A FORMER IMF OFFICIAL AS FINANCE MINISTER. IN ADDITION, ASAD SIGNALED HIS DESIRE TO TRIM GOVERNMENT EXCESS BY ABOLISHING FOUR MINISTRIES. THOUGH THE FOCUS OF ASAD'S EFFORTS CENTER ON ECONOMIC RATHER THAN POLITICAL REFORM, RECENT INDICATORS--NAMELY, THE ANNOUNCEMENT OF LONG-TIME DEFENSE MINISTER MUSTAFA TLAS'S RESIGNATION NEXT JULY--SUGGEST HE MAY BE MOVING TO ASSERT HIMSELF MORE FORCEFULLY IN THE POLITICAL ARENA AS WELL.

SYRIA'S PRIMARY WMD FOCUS IS ON OFFENSIVE CHEMICAL WEAPONS; EVIDENCE SUGGESTS THAT SYRIA HAS ACHIEVED A TACTICAL

CHEMICAL WEAPONS CAPABILITY AND IS PURSUING THE DEVELOPMENT OF BIOLOGICAL WEAPONS. SYRIA IS LIKEWISE WORKING TO UPGRADE ITS BALLISTIC MISSILE CAPABILITIES TO DEVELOP OR ACQUIRE LONGER-RANGE REPLACEMENTS FOR SCUD-B AND SCUD-C MISSILES CURRENTLY DEPLOYED. WE CONTINUE TO MONITOR SYRIA'S NUCLEAR PROGRAM FOR ANY SIGNS OF INTEREST IN DEVELOPING NUCLEAR WEAPONS.

SYRIA DID NOT SPONSOR DIRECTLY AN ACT OF TERRORISM DURING 2001, ALTHOUGH IT CONTINUED TO PROVIDE SAFEHAVEN AND SOME LOGISTICS SUPPORT TO A NUMBER OF TERRORIST GROUPS. SYRIA CONTINUED TO ALLOW SEVERAL PALESTINIAN REJECTIONIST GROUPS?INCLUDING HAMAS, THE PALESTINE ISLAMIC JIHAD (PIJ), THE POPULAR FRONT FOR THE LIBERATION OF PALESTINE-GENERAL COMMAND (PFLP-GC), FATAH-THE INTIFADA, AND THE POPULAR FRONT FOR THE LIBERATION OF PALESTINE (PFLP)?TO MAINTAIN OFFICES IN DAMASCUS. IN ADDITION, SYRIA CONTINUED TO GRANT A VARIETY OF TERRORIST GROUPS -- INCLUDING LEBANESE HIZBALLAH, HAMAS, THE PFLP-GC, AND THE PIJ -? BASING PRIVILEGES OR REFUGE IN AREAS OF LEBANON'S BEKAA VALLEY UNDER SYRIAN CONTROL. DAMASCUS, HOWEVER, GENERALLY UPHELD ITS AGREEMENT WITH ANKARA NOT TO SUPPORT THE KURDISTAN WORKERS' PARTY (PKK). DAMASCUS ALSO SERVED AS THE PRIMARY TRANSIT POINT FOR TERRORIST OPERATIVES TRAVELING TO LEBANON AND FOR THE

RESUPPLY OF WEAPONS TO HIZBALLAH. ALTHOUGH SYRIA CONTINUED IN 2001 TO MAINTAIN A BAN ON ATTACKS LAUNCHED FROM SYRIAN TERRITORY OR AGAINST WESTERN TARGETS, IT HAS NOT ACTED TO STOP ANTI-ISRAELI ATTACKS BY HIZBALLAH AND THE PALESTINIAN GROUPS, WHICH IT CLAIMS ARE ENGAGED IN A JUST STRUGGLE AGAINST ISRAEL'S OCCUPATION OF PALESTINIAN TERRITORY.

SINCE SEPTEMBER 11, SYRIAN AND LEBANESE SECURITY FORCES HAVE SHARED INTELLIGENCE ON EXTREMIST ACTIVITIES AND ACTED TO CURB AL-QAIDA AFFILIATED GROUPS. SYRIAN COOPERATION DOES NOT, HOWEVER, EXTEND TO HIZBALLAH AND PALESTINIAN REJECTIONIST GROUPS. SYRIA CONTINUES TO DENY APPLICATION OF THE "TERRORIST" DESIGNATION TO SUCH GROUPS, INSISTING ON THEIR RIGHT TO RESISTANCE. SYRIA WILL LIKELY CONTINUE ITS SUPPORT OF HIZBALLAH AND OTHERS, WHILE REMAINING WARY OF PROVOKING DIRECT CONFRONTATION WITH ISRAEL.

Qadhafi's Hold on Power in Libya

Q. 12) What is your assessment of Qadhafi's hold on power in Libya? What is your assessment of Qadhafi's ability to both further and frustrate Western policy objectives in the region? What is the status of Libya's weapons of mass destruction infrastructure, as well as its support for international terrorism?

A: QADHAFI'S HOLD ON POWER CURRENTLY IS FAIRLY SOLID. HE HAS GREATLY REDUCED THE EXTENT AND INTENSITY OF THE ONLY REAL INTERNAL CHALLENGE HE HAS FACED SINCE THE EARLY 1990'S--ARMED ISLAMIC MILITANT GROUPS OPERATING MAINLY IN EASTERN LIBYA. HE STILL RETAINS SOME ABILITY TO FRUSTRATE WESTERN POLICY IN THE MIDDLE EAST AND SUB-SAHARAN AFRICA REGIONS. THAT CAPABILITY IS LIMITED IN THE MIDDLE EAST BY THE GENERALLY LOW REGARD IN WHICH LIBYA IS HELD BY SO MANY OTHER GOVERNMENTS. BUT RELATIVELY HIGH OIL PRICES HAVE GIVEN HIM THE FINANCIAL WHEREWITHAL TO EXERCISE SOME INFLUENCE, ESPECIALLY IN SUB-SAHARAN AFRICA. HIS INTERVENTIONS IN BOTH REGIONS, HOWEVER, HAVE HAD A MIXED IMPACT ON WESTERN POLICY.

WE ASSESS THAT TRIPOLI HAS A CONTINUING INTEREST IN ACQUIRING NUCLEAR WEAPONS. SUSPENDED UN SANCTIONS MAY CREATE NEW OPPORTUNITIES FOR THE LIBYANS TO SECURE THE SIGNIFICANT FOREIGN ASSISTANCE REQUIRED TO DEVELOP NUCLEAR WEAPONS. LIBYA ALSO CONTINUES EFFORTS TO OBTAIN BALLISTIC

MISSILE ASSISTANCE FROM FOREIGN SOURCES (WHICH COULD RESULT IN AN MRBM OR EXTENDED-RANGE SCUD CAPABILITY) AND APPARENTLY RETAINS ITS GOAL OF AN OFFENSIVE CW CAPABILITY. EVIDENCE ALSO SUGGESTS THAT LIBYA IS TRYING TO ACQUIRE THE CAPABILITY TO DEVELOP AND PRODUCE BW AGENTS.

LIBYA APPEARS TO HAVE LARGELY CURTAILED ITS SUPPORT FOR INTERNATIONAL TERRORISM. HOWEVER IT MAY MAINTAIN RESIDUAL TIES TO A FEW GROUPS IN ORDER TO BURNISH ITS REVOLUTIONARY CREDENTIALS AND TO MONITOR ITS OWN OPPOSITIONISTS. TRIPOLI'S PAST RECORD OF TERRORISM CONTINUES TO CROP UP PUBLICLY. ON 31 JANUARY 2001 A SCOTTISH COURT FOUND ABDEL BASSET AL-MEGRAHI GUILTY OF MURDER, CONCLUDING THAT HE CAUSED AN EXPLOSIVE DEVICE TO DETONATE ON BOARD PAN AM FLIGHT 103 "IN FURTHERANCE OF THE PURPOSES OF...LIBYAN INTELLIGENCE SERVICES." AT YEAR'S END, LIBYA HAD YET TO COMPLY FULLY WITH THE REMAINING UN SECURITY COUNCIL REQUIREMENTS RELATED TO PAN AM 103: ACCEPTING RESPONSIBILITY, PAYING APPROPRIATE COMPENSATION, DISCLOSING ALL IT KNOWS, AND RENOUNCING TERRORISM. ALSO IN LATE 2001, A GERMAN COURT CONVICTED FOUR DEFENDANTS IN THE 1986 "LA BELLE DISCO" BOMBING. IN RENDERING HIS DECISION, THE JUDGE STATED THAT THE LIBYAN GOVERNMENT WAS CLEARLY CULPABLE. TRIPOLI HAS IN RECENT YEARS SOUGHT TO RECAST ITSELF AS A

PEACEMAKER AND HAS THUS INSERTED ITSELF INTO A VARIETY OF ISSUES, SUCH AS NEGOTIATION IN THE SUDANESE AND ETHIOPIA-ERITREA CONFLICTS. LIBYA ACTED AS A HIGH-PROFILE NEGOTIATOR--AND RANSOM PAYER--IN THE SUCCESSFUL RESOLUTION OF AN INTERNATIONAL KIDNAPPING INCIDENT IN 2000.

Possibility of Support to Terrorists by the Palestinian Authority.

Q. 13) Is there any evidence suggesting that the Palestinian Authority (PA) has been involved with or supported terrorist activities in the last year?

- WE HAVE CONCERNS ABOUT THIS ISSUE. IN EARLY JANUARY, ISRAEL INTERDICTED A SHIP IN THE RED SEA THAT HAD WEAPONS THAT WERE HEADED FOR THE PA-HELD AREAS. THERE IS EVIDENCE THAT SEVERAL SENIOR MEMBERS OF ARAFAT'S FATAH FACTION, WHO HELD POSITIONS WITHIN THE PALESTINE LIBERATION ORGANIZATION (PLO) AND POSSIBLY ALSO THE PA, WERE INVOLVED IN AN ATTEMPT TO SMUGGLE ARMS TO THE PA-HELD AREAS.

- THERE IS ALSO EVIDENCE THAT SOME PA ELEMENTS HAVE ENGAGED IN ANTI-ISRAELI ATTACKS BOTH IN THE WEST BANK, GAZA AND IN ISRAEL PROPER. THERE IS NOT EVIDENCE THAT THEY HAVE BEEN TOLD TO DO SO BY SENIOR PA OFFICIALS, BUT THE PA HAS MADE ONLY SPORADIC EFFORTS TO ENFORCE TRUE DISCIPLINE IN ITS RANKS.

- MEANWHILE, ARAFAT AND OTHER PA OFFICIALS HAVE STRONGLY AND PUBLICLY SUPPORTED COALITION ACTIONS IN AFGHANISTAN AND HAVE DEFENDED THE U.S. POSITION IN REGIONAL FORA

LIKE THE ARAB LEAGUE AND THE ORGANIZATION OF THE ISLAMIC CONFERENCE (OIC).

Q: Who would be the likely successor to Arafat as the head of the Palestinian Authority?

- WE SHOULD DRAW A DISTINCTION BETWEEN THE PA AND THE PLO. UNDER A DRAFT LAW, AHMED QURAI (ABU ALAA), 63 AND THE PALESTINIAN LEGISLATIVE COUNCIL SPEAKER, WOULD TAKE OVER THE PA TEMPORARILY AND CALL ELECTIONS WITHIN 45 DAYS THEREBY "SUCCEEDING" ARAFAT IN THAT ROLE.

- UNDER PLO RULES, MAHMOUD ABBAS (ABU MAZEN), 65, A SENOR MEMBER F THE PLO'S RULING EXECUTIVE COMMITTEE AND COFOUNDER OF FATAH, WOULD STEP IN TO LEAD THE PLO AND ALSO LIKELY FATAH.

- IT'S POSSIBLE THAT, AFTER ARAFAT, BOTH ABU MAZEN AND ABU ALAA, NEITHER OF WHOM HAVE ARAFAT'S STATURE, WILL HAVE TO POWER SHARE THESE OFFICIAL BODIES. IT IS ALSO LIKELY THAT BOTH WILL NEED SUPPORT FROM OTHER INFLUENTIAL PALESTINIAN POLITICAL ELEMENTS, SUCH AS THE SECURITY SERVICES, TO SECURE THEIR POSITIONS.

Q: What is the likelihood that the Palestinian leadership will become more radical after Arafat leaves the scene?

- IF THE INTIFADA IS STILL RAGING WHEN ARAFAT DIES, WE BELIEVE IT VERY LIKELY THAT VIOLENCE WILL GET WORSE AS HIS SUCCESSORS ARE LIKELY TO SUPPORT A CERTAIN LEVEL OF VIOLENCE, AS THE BEST WAY TO MAINTAIN CREDIBILITY AND TO QUASH COMPETITORS.

- MEANWHILE, REJECTIONIST ELEMENTS, SUCH AS HAMAS AND PIJ, WHOSE POPULARITY HAS BEEN RISING THROUGHOUT THE INTIFADA, WOULD SEIZE UPON THE POST-ARAFAT CONFUSION TO INCREASE THE ANTI-ISRAELI ACTIVITIES WHICH THEY BELIEVE ARE THE FOUNDATION OF THEIR RENEWED STRENGTH.

- ARAFAT'S SUCCESSOR WILL BE EVEN LESS LIKELY TO CONFRONT THESE ELEMENTS, AS THE PALESTINIAN POPULATION WILL SEE THEM AS LESS LEGITIMATE.

Vietnam POW/MIA

Q. 14) What is your assessment of the level of assistance provided by the government of Vietnam to the U.S. on POW/MIA issues? Do you believe that there is any room for improvement in this area?

A:

- YES, BUT THE STATE DEPARTMENT'S BUREAU OF INTELLIGENCE AND RESEARCH, WHILE PERIODICALLY ASSISTING IN SOME SPECIFIC ASPECTS OF THIS ISSUE, SUCH AS RESOLVING ALLEGED LIVE SIGHTING CASES, DOES NOT FOLLOW THIS ISSUE ON A DAY-TO-DAY BASIS.

The India-Pakistan Conflict

Q. 18) What is the likelihood that India and Pakistan will go to war within the next year? What is the likelihood that such a conflict would result in an exchange of nuclear weapons? Which nation would likely prevail in such a conflict? Why? What is the likelihood that both India and Pakistan will ultimately agree to accept the Line of Control (LOC) in Kashmir as their international border?

A. IN THE ABSENCE OF A PROCESS OF DIALOGUE BETWEEN THE COUNTRIES, THE TWO SIDES ARE LIKELY TO CONTINUE TO TRADE SMALL ARMS, MORTAR, AND ARTILLERY FIRE ACROSS THE LOC IN KASHMIR. THE CHANCES FOR A BROADER CONFLICT INVOLVING THE ARMIES OF BOTH INDIA AND PAKISTAN ACROSS WIDE STRETCHES OF THE LOC AND POSSIBLY INCLUDING THE INTERNATIONAL BORDER, THOUGH PERHAPS LOWER THAN ONLY A FEW MONTHS AGO, CANNOT BE RULED OUT.

SINCE THE END OF 2001, BOTH ARMIES HAVE DEPLOYED FACING EACH OTHER ACROSS BOTH THE LOC AND INTERNATIONAL BORDER SOUTH OF KASHMIR. THIS FACT OF FULL DEPLOYMENT AND THE HEIGHTENED ALERT RAISES THE POSSIBILITY THAT, BY ACCIDENT,

MISCALCULATION, OR EVEN DELIBERATE DECISION SERIOUS CONFLICT COULD BE INITIATED, LEADING TO CONCEIVABLY ESCALATORY RETALIATION THAT MIGHT BE DIFFICULT TO CONTROL, EVEN WITH EARLY INTERNATIONAL INVOLVEMENT. THE POSSIBILITY OF INDIA ATTACK ON SOME SCALE RISES AGAIN IF OVER THE NEXT SEVERAL MONTHS INDIAN DECIDES THAT NO DIMINUTION OF CROSS-BORDER INFILTRATION FROM PAKISTAN HAS OCCURRED.

PAKISTAN, UNLIKE INDIA, HAS NOT PLEDGED NOT TO USE NUCLEAR WEAPONS FIRST. THE REASONING BEHIND THIS THAT, AS THE SMALLER OF THE TWO POWERS THE POSSESSION OF NUCLEAR WEAPONS ACTS TO DETER THE SUPERIOR CONVENTIONAL FORCES OF INDIA. BUT INDIA STILL FEELS IT IS POSSIBLE TO FIGHT A "LIMITED WAR" WITHOUT CROSSING PAKISTAN'S THRESHOLD FOR NUCLEAR USE. THE PROBLEM, OF COURSE, IS THAT THESE THRESHOLDS ARE NOT CLEARLY SPELLED OUT, MAKING IT POSSIBLE FOR INDIA TO THREATEN, INADVERTENTLY, ONE OF PAKISTAN'S "RED LINES," WHICH COULD TRIGGER THE RELEASE OF A NUCLEAR WEAPON. INDIA, NATURALLY, LIKELY WOULD RESPOND TO SUCH NUCLEAR USE WITH NUCLEAR WEAPONS OF ITS OWN.

WHILE A NUCLEAR WAR IN SOUTH ASIA WOULD BE AN IMMENSE TRAGEDY FOR ALL PARTICIPANTS AS WELL AS FOR THE REST OF THE WORLD, IT IS LIKELY THAT INDIA WOULD "PREVAIL" IN SUCH A

CONFLICT -- IF WE CAN USE THAT WORD -- IF ONLY BECAUSE IT IS SEVEN TIMES LARGER THAN PAKISTAN. IT IS LESS LIKELY THAN PAKISTAN TO BE COMPLETELY CRIPPLED BY ONE OR EVEN SEVERAL NUCLEAR STRIKES, AND IS MOREOVER SUFFICIENTLY DECENTRALIZED TO ENSURE THE SURVIVAL OF KEY FACILITIES -- BOTH CIVILIAN AND MILITARY.

PAKISTAN, MORE THAN INDIA, IS A LONG WAY FROM ACCEPTING THE LOC AS THE INTERNATIONAL BORDER. IN THE MEANTIME, HOWEVER, WE HAVE ASKED BOTH SIDES TO RESPECT THE SANCTITY OF THE LOC AS A INTERIM DIVIDING LINE, A PRINCIPAL THAT WAS RE-AFFIRMED AS RECENTLY AS MID-1999, WHEN THE US PERSUADED PAKISTAN TO WITHDRAW FORCES THAT HAD CROSSED THE LOC INTO THE KARGIL SECTOR OF INDIAN KASHMIR, AND ASKED INDIA NOT TO CROSS THE LOC INTO PAKISTANI KASHMIR IN ITS ATTEMPT TO PUSH THE INFILTRATORS BACK OUT OF INDIAN TERRITORY.

The Situation in North Korea

Q. 19) What is the likelihood that North and South Korea will unify within the next 5 years? What is the likelihood that unification between North and South Korea will be a peaceful process? Under what circumstances would a war be likely? How strong is Kim Jong Il's hold on power? Who will likely succeed him?

A:

- INTER-KOREAN RELATIONS HAVE IMPROVED OVER THE LAST FEW YEARS AS A RESULT OF PRESIDENT KIM DAE JUNG'S "SUNSHINE POLICY," BUT WE SEE LITTLE LIKELIHOOD THAT THE TWO KOREAS WILL REUNIFY WITHIN THE NEXT FIVE YEARS, BECAUSE NEITHER SIDE WANTS TO DO SO. THE KOREAN PENINSULA REMAINS ONE OF THE MOST HEAVILY MILITARIZED AREAS IN THE WORLD. BETTER TIES BETWEEN SEOUL AND PYONGYANG HAVE CONTRIBUTED TO ENHANCED CRISIS STABILITY ON THE PENINSULA.

- PYONGYANG HAS MADE A BIG PUSH TO BOOST ITS DIPLOMATIC AND ECONOMIC CONTACTS IN RECENT YEARS--AND HAS HAD SOME SUCCESS IN THIS EFFORT. THE MOST IMPORTANT FACTOR IN NORTH KOREAN FOREIGN POLICY OVER THE LAST DECADE HAS BEEN ITS DRIVE TO IMPROVE RELATIONS WITH THE UNITED STATES. AS LONG AS THE NORTH REMAINS ON THIS PATH, WE THINK THE CHANCES OF ANOTHER WAR ARE LOW. PYONGYANG MIGHT BE TEMPTED TO INITIATE A CONFLICT IF IT FELT IT WAS UNDER DIRECT THREAT AS A RESULT OF A SHARP DETERIORATION OF ITS SECURITY ENVIRONMENT.

- CHAIRMAN KIM JONG IL APPEARS TO BE FIRMLY IN CONTROL. HE HAS MANAGED STATE, PARTY, AND MILITARY AFFAIRS FOR ALMOST THREE DECADES, HAS

LOYALISTS IN ALL KEY POSTS, AND HAS WEATHERED SEVERAL MAJOR CRISES--INCLUDING THE DEATH OF HIS FATHER, THE BREAKDOWN OF THE SOCIALIST BLOC, THE COLLAPSE OF THE NORTH'S ECONOMY, AND A FAMINE THAT CLAIMED MORE THAN A MILLION LIVES. AS IF TO UNDERSCORE HIS HOLD ON POWER, KIM MADE A TRAIN JOURNEY THROUGH RUSSIA LAST YEAR FOR NEARLY A MONTH. WE KNOW OF NO SERIOUS CHALLENGES TO HIS AUTHORITY.

- WE HAVE LITTLE INFORMATION ABOUT KIM'S PLANS FOR HIS OWN SUCCESSION. IT IS TOO EARLY IN THE PROCESS TO CONCLUDE, AS SOME PRESS REPORTS HAVE, THAT A PARTICULAR MEMBER OF HIS FAMILY WILL SUCCEED HIM.

China

Q. 20) What is the likelihood that China will decrease its proliferationj of weapons of mass destruction and missiles?

A: CHINA HAS MADE SEVERAL NONPROLIFERATION COMMITMENTS TO THE UNITED STATES, AND ITS PROLIFERATION BEHAVIOR HAS IMPROVED CONSIDERABLY COMPARED WITH TEN YEARS AGO, WHEN CHINESE ENTITIES WERE EXPORTING COMPLETE BALLISTIC MISSILES AND HAD AN UNEVEN RECORD ON NUCLEAR DEALINGS WITH STATES OF PROLIFERATION CONCERN. THERE IS STILL ROOM FOR IMPROVEMENT, AND WE EXPECT TRANSFERS OF WMD AND MISSILE-RELATED TECHNOLOGY TO CONTINUE. MANY OF THE FIRMS ENGAGED IN PROLIFERATION ACTIVITIES ARE SPIN-OFFS FROM STATE-OWNED DEFENSE INDUSTRIES, BUT THEY MAY OPERATE WITHOUT THE AUTHORIZATION OF THE CHINESE GOVERNMENT.

ENFORCEMENT IS LIKELY TO IMPROVE AS CHINA SETS UP COMPREHENSIVE MISSILE-RELATED EXPORT CONTROLS PURSUANT TO A NOVEMBER, 2000, PLEDGE TO THE UNITED STATES, BUT IN THE MEANTIME CHINESE AUTHORITIES WILL CONTINUE TO BE HAMPERED BY THEIR INABILITY TO POLICE PRODUCERS AND VENDORS ADEQUATELY. A DRAMATIC INCREASE IN CHINESE PROLIFERATION ACTIVITIES IS NOT LIKELY, EVEN IN RETALIATION FOR STEPS TAKEN BY THE U.S. ON (FOR EXAMPLE) SANCTIONS, MISSILE DEFENSE, OR TAIWAN THAT THE BEIJING LEADERSHIP MAY NOT LIKE.

PROGRESS IN CURBING SALES -- ESPECIALLY IN DUAL-USE AREAS -- WILL NO DOUBT BE GRADUAL, IF NOT SPOTTY. CHINA WILL CERTAINLY CONTINUE ACTIVITIES WITH PAKISTAN THAT IT HAS NOT FORESWORN, INCLUDING CONVENTIONAL MILITARY ASSISTANCE AND CIVILIAN NUCLEAR COOPERATION INVOLVING SAFEGUARDED FACILITIES, SOMETIMES CREATING AMBIGUITIES ABOUT ITS COMPLIANCE AND INTENTIONS. WE ASSESS THAT CHINA CONTINUES TO TAKE ITS NON-PROLIFERATION PLEDGES SERIOUSLY AND IS UNLIKELY TO ABROGATE ANY OF THEM.

Q. To what extent have you observed an improvement in China's human rights policy?

A. WE WELCOME RECENT RELEASES OF SEVERAL DETAINEES, BUT WE NOTE THAT THERE CONTINUE TO BE SERIOUS VIOLATIONS OF HUMAN RIGHTS. WE HAVE NOT OBSERVED, OVER THE PAST YEAR, AN IMPROVEMENT IN CHINA'S HUMAN RIGHTS POLICY.

Q. How cooperative has China been with the U.S. on the war on terror?

A. IMMEDIATELY AFTER SEPTEMBER 11, THE CHINESE LEADERSHIP EXPRESSED ITS CONDOLENCE AND SUPPORT FOR THE U.S. PRESIDENT JIANG REITERATED THIS SUPPORT WHEN HE MET WITH PRESIDENT BUSH IN SHANGHAI IN OCTOBER 2001 AND IN BEIJING IN

FEBRUARY 2002. CHINA HAS WORKED WITH THE U.S. BILATERALLY AND IN THE U.N. TO COMBAT TERRORISM.

Q. To what extent have close US-Taiwan relations been an impediment to closer US-China ties?

A. US SUPPORT FOR TAIWAN IS THE MOST PROBLEMATIC ISSUE FOR THE PRC IN ITS RELATIONS WITH THE US. HOWEVER, BEIJING HAS TAKEN SOME STEPS TO REDUCE TENSIONS IN THE TAIWAN STRAIT, AND IT APPEARS UNLIKELY TO UNDERTAKE ANY INITIATIVES IN CROSS-STRAIT RELATIONS IN THE NEAR FUTURE AS IT GRAPPLES WITH OTHER MORE PRESSING DOMESTIC AND FOREIGN PRIORITIES. THE TAIWAN ISSUE SHOULD NOT DETER EFFORTS TO STRENGTHEN US-CHINA COOPERATION ON COUNTER-TERRORISM AFTER SEPTEMBER 11 AND TO SEEK IMPROVEMENTS IN OTHER AREAS OF US-CHINA RELATIONS.

The Security of U.S. Interests in the Philippines

Q. 21) U.S. forces are providing training to the Philippine military. To what extent are U.S. personnel and interests in the Philippines at risk by Philippine Communist groups and Islamic extremists? To what extent has President Macapagal-Arroyo been made politically vulnerable by maintaining close ties to the U.S. and receiving counter terrorism support from the U.S. military?

A:

- U.S. FORCES HAVE LONG BEEN CONSIDERED TARGETS BY MILITANT

COMMUNIST GROUPS SUCH AS THE NEW PEOPLE'S ARMY (NPA) AND THE ALEX BONCAYO BRIGADE (ABB), A BREAKAWAY FACTION RESPONSIBLE FOR MURDERING COL. JAMES ROWE IN 1989. LOCAL NPA ELEMENTS MAY HAVE BEEN RESPONSIBLE FOR KILLING AN AMERICAN TOURIST ON MT. PINATUBO LAST WEEK, ALTHOUGH THE COMMUNIST SPOKESMAN DENIED NPA INVOLVEMENT.

- IN MUSLIM DOMINATED AREAS OF MINDANAO, ABU SAYYAF GROUP (ASG)

REBELS, WHO HOLD TWO AMERICAN CITIZENS HOSTAGE AND BEHEADED A THIRD LAST YEAR, MAY TARGET U.S. FORCES TO DISTRACT ATTENTION FROM THE AREA WHERE THEY ARE HIDING. THEY MAY BELIEVE THAT KILLING U.S. MILITARY OR CIVILIAN PERSONNEL WOULD CONVINCE WASHINGTON TO PULL ITS COUNTER TERRORISM

TRAINERS OUT OF THE PHILIPPINES. A BREAKAWAY FACTION OF THE MORO NATIONAL LIBERATION FRONT ALSO MAY TRY SUCH A MOVE TO AVENGE THE RECENT ARREST OF THEIR LEADER.

- OPINION POLLS SHOW SUPPORT FOR U.S. INVOLVEMENT IN THE SOUTHERN PHILIPPINES IS HIGH - ONE POLL SHOWS SUPPORT AT 84%. BUT THERE ARE MISGIVINGS ABOUT THE SCOPE AND PARAMETERS OF THIS EXERCISE ROOTED IN NATIONALIST SENSITIVITES ABOUT OUR FORMER MILITARY BASES AND THIS HIGH LEVEL OF PUBLIC SUPPORT COULD DISSIPATE. POLITICAL OPPONENTS OF PRESIDENT MACAPAGAL-ARROYO MAY SEEK TO USE CONSTITUTIONAL CHALLENGES TO THE EXERCISES AS A WAY TO WEAKEN HER AS SHE LOOKS TO REELECTION IN 2004.

Colombia

Q: 23) Colombia: To what extent is Colombia's weak economy -- falling exports, lack of progress on fiscal reforms, high unemployment -- having an impact on Colombia's government reform initiatives? What is the likelihood that President Pastrana will be able to reach a final settlement with the Revolutionary Armed Forces of Colombia (FARC) within the next year?

A:

- COLOMBIA'S MINIMAL PROGRESS ON ITS REFORM PROGRAM HAS MANY CAUSES, INCLUDING ITS WEAK ECONOMY. OTHER FACTORS IMPEDING REFORM INCLUDE A DETERIORATING SECURITY SITUATION, ELECTION YEAR POLITICS, AND PRESIDENT PASTRANA'S LACK OF POLITICAL CAPITAL. THERE IS LITTLE PROSPECT FOR FURTHER REFORM IN THE NEAR FUTURE.
- THERE IS ALMOST NO POSSIBILITY THAT PRESIDENT PASTRANA WILL REACH A FINAL SETTLEMENT WITH THE FARC WITHIN THE NEXT YEAR. PASTRANA TERMINATED THE PEACE PROCESS WITH THE FARC ON FEBURARY 20, AFTER FARC MEMBERS HIJACKED A PLANE AND KIDNAPPED A SENATOR FROM IT, AN ACT THAT CULMINATED A MONTH-LONG WAVE OF TERRORIST BOMBINGS. THE MILITARY HAS ENTERED THE DEMILITARIZED ZONE AND THE FARC HAS FLED FROM IT. ALTHOUGH BOTH SIDES PUBLICLY DECLARE THEIR WILLINGNESS TO RETURN TO THE TABLE, IT IS HIGHLY UNLIKELY THAT THIS WILL OCCUR. PASTRANA'S TERM ENDS IN AUGUST, AND THE MAIN CANDIDATES TO SUCCEED HIM ALL SAY THAT THEY PREFER A NEGOTIATED SOLUTION. NEVERTHELESS,

THE RECENT INCREASE IN VIOLENCE WILL PRECLUDE ANY RE-
STARTING OF TALKS FOR SOME TIME.

Mexico

Q. 25) In the year since his inauguration, how successful has Mexico's President Fox been in bringing about an end to corruption, stepping up the fight against illicit narcotics, focusing more on human rights and generally bringing effective governance to his country?

A:

- PRESIDENT FOX SEEMS INTENT ON REMOVING ANY OFFICIAL WHO EVEN HAS THE APPEARANCE OF BEING CORRUPT. HE HAS FIRED 43 HIGH-LEVEL CUSTOMS OFFICIALS AND FORCED THE RESIGNATION OF A SENIOR ATTORNEY GENERAL OFFICER FOR INVOLVEMENT IN QUESTIONABLE PRACTICES. MORE IMPORTANTLY, PRESIDENT FOX APPOINTED FRANCISCO BARRIO TERRAZAS AS THE ANTI-CORRUPTION CZAR WITH THE BROAD AUTHORITY TO ESTABLISH ANTI-CORRUPTION PROGRAMS IN FEDERAL AGENCIES. THAT SAID, THE GOVERNMENT OF MEXICO DOUBTLESS REALIZES THAT PUTTING A PERMANENT DENT IN CORRUPTION WILL TAKE YEARS TO ACHIEVE.
- PRESIDENT FOX HAS SHOWN A GENUINE DESIRE TO IMPROVE MEXICO'S DRUG CONTROL EFFORT. THE SUSTAINED OPIUM POPPY AND MARIJUANA CROP SUPPRESSION EFFORT AS WELL AS THE CAPTURE OF SEVERAL IMPORTANT DRUG BOSSES ARE EXAMPLES THAT HE IS KEEPING HIS ANTIDRUG PROMISE. WE ARE STILL AWAITING INDEPENDENT CONFIRMATION, BUT RAMON ARELLANO

FELIX MAY HAVE BEEN KILLED IN A SHOOT-OUT WITH MEXICAN SECURITY FORCES.

- THE FOX ADMINISTRATION HAS MADE SIGNIFICANT PROGRESS IN ITS EFFORT TO IMPROVE MEXICO'S HUMAN RIGHTS RECORD. MOST RECENTLY, FOX REDUCED TO TIME SERVED THE SENTENCE OF GENERAL GALLARDO WHO CALLED FOR A HUMAN RIGHTS OMBUDSMAN FOR THE ARMED FORCES. LAST NOVEMBER FOX RELEASED FROM PRISON TWO PEASANT ENVIRONMENTALISTS AND HE NAMED A SPECIAL PROSECUTOR TO INVESTIGATE FORCED DISAPPEARANCES DURING THE "DIRTY WAR" IN THE 1970S - 80S. IN JANUARY, THE SUPREME COURT BROADENED THE INVESTIGATION TO INCLUDE THE 1968 MASSACRE OF STUDENTS IN THE PLAZA OF TLATELOLCO IN MEXICO CITY. THE FOX ADMINISTRATION HAS ALSO SUBMITTED A DRAFT "FEDERAL LAW ON TRANSPARENCY AND ACCESS TO GOVERNMENT INFORMATION" FOR CONGRESSIONAL APPROVAL.
- PRESIDENT FOX IS PERSONALLY DEDICATED TO DEMOCRACY, THE RULE OF LAW AND GOOD GOVERNANCE -- ALL FUNDAMENTALS OF THE PAN PARTY FOR THE LAST 60 YEARS. FOX'S INAUGURATION MARKED THE FIRST CHANGE IN THE GOVERNING POLITICAL PARTY -- FROM THE PRI TO THE PAN -- IN SOME 70 YEARS. AFTER THE FIRST YEAR IN OFFICE, THE SCOPE OF THE CHALLENGES FACING HIM HAS BECOME INCREASINGLY CLEAR. PERHAPS THE

MOST DIFFICULT HAS BEEN THE RELATIONSHIP WITH THE CONGRESS THAT IS STILL IN ITS INFANCY AS A DELIBERATIVE BODY (UNDER THE PRI, IT WAS A RUBBER STAMP ORGANIZATION). LEGISLATORS HAVE NO PREPARATION TO ASSUME THEIR POSITIONS, NO PROFESSIONAL STAFF, NO LIBRARY OF CONGRESS TO RESEARCH ISSUES FOR THEM, NO CONSTITUENCY TO HOLD THEM ACCOUNTABLE (AS THERE IS NO RE-ELECTION) AND THEREFORE NO ACCUMULATED LEGISLATIVE EXPERTISE. FOX'S PRIMARY SUCCESS HAS BEEN IN REORIENTING MEXICO'S FOREIGN POLICY AWAY FROM THE FEAR OF LOSING ITS SOVEREIGNTY TO BECOMING AN ACTIVE PLAYER IN THE HEMISPHERE AND AT THE UNSC.

Implications of U.S. Withdrawal from the ABM Treaty

Q. 26) On December 13, 2001, President Bush notified Russia that the U.S. intends to withdraw from the ABM Treaty -- the withdrawal to be completed in June of this year. How will Russia react militarily to the U.S. withdrawal from the ABM Treaty? What will China's likely military reaction be? What is the likelihood that the deployment of a U.S. ballistic missile defense will lead to the escalation of ballistic missile and tactical missile defense systems by other countries, as well as a commensurate increase in the number of ballistic and tactical missiles to overwhelm these defensive systems?

A: WHILE EXPRESSING THE VIEW THAT U.S. WITHDRAWAL FROM THE ABM TREATY WAS A MISTAKE, PRESIDENT PUTIN ALSO SAID THE U.S. DECISION WOULD NOT POSE A THREAT TO RUSSIA'S NATIONAL SECURITY. MOREOVER, RUSSIA HAS COMMITTED ITSELF TO ACHIEVING AN AGREEMENT WITH THE U.S. ON A NEW STRATEGIC FRAMEWORK WHICH WOULD FEATURE SIGNIFICANT CUTS IN OPERATIONALLY DEPLOYED STRATEGIC FORCES. ONGOING TRENDS IN RUSSIAN STRATEGIC FORCES THAT PRECEDED THE U.S. WITHDRAWAL ANNOUNCEMENT -- QUANTITATIVE DECLINE AND QUALITATIVE IMPROVEMENT (IN TERMS OF THE ABILITY TO PENETRATE MISSILE DEFENSES -- ARE EXPECTED TO CONTINUE.

CHINA HAS ALSO TAKEN THE U.S. WITHDRAWAL IN STRIDE. WHILE CONTINUING THE GRADUAL MODERNIZATION AND BUILD-UP OF CHINESE STRATEGIC FORCES, WHICH PRECEDED THIS ANNOUNCEMENT, BEIJING DOES NOT APPEAR TO HAVE CHANGED ITS "MINIMUM DETERRENT"

POLICY. CHINA SEEMS TO HAVE ANTICIPATED THE U.S. DECISION AND HAS CONCENTRATED ITS MILITARY RESPONSE ON ENHANCING THE COUNTERMEASURES NECESSARY TO ENSURE THAT ITS BALLISTIC MISSILES COULD PENETRATE U.S. MISSILE DEFENSES.

North Korea's Taepo Dong-2

Q. 27) Last December's NIE on the ballistic missile threat states that "North Korea's multiple-stage Taepo Dong-2, which is capable of reaching pats of the United States with a nuclear weapon-sized (several hundred kilogram) payload, may be ready for flight testing." What will be the impact of the continuation of the North's flight-test moratorium on the development of the Taepo Dong-2?

A: IF NORTH KOREA PLANS TO DEPLOY THE TD-2, WE BELIEVE PYONGYANG WILL NEED TO FLIGHT-TEST THE MISSILE AT LEAST ONCE. THE TEST PROBABLY WOULD BE CONDUCTED IN A SPACE LAUNCH VEHICLE CONFIGURATION SIMILAR TO THE TD-1 LAUNCH IN 1998. NORTH KOREAN ADHERENCE TO ITS SELF-DECLARED FLIGHT-TEST MORATORIUM WOULD DELAY DEPLOYMENT UNTIL AT LEAST SOME TIME IN 2003, AT THE EARLIEST. (NORTH KOREA HAS SAID IT WILL MAINTAIN THE MORATORIUM UNTIL 2003.)

Q: Under what circumstances would North Korea be likely to use its missile capability against the U.S.?

A: WE BELIEVE THAT PYONGYANG BEGAN ITS MISSILE AND WMD PROGRAMS IN THE 1970S TO COUNTER ROK PROGRAMS HEN UNDERWAY AND TO ESTABLISH A CAPABILITY FOR INTRA-WA DETERRENCE BY HOLDING U.S. BASES IN THE REGION AND ROK AND JAPANESE CITIES HOSTAGE. PYONGYANG MAY HAVE BELIEVED THAT NUCLEAR WEAPONS MARRIED TO AN INTERMEDIATE-RANGE MISSILE WOULD PROVIDE A USEFUL "STOPPER," LIMITING U.S. STRIKES SHOULD WAR BREAK OUT. WE DO NOT BELIEVE NORTH KOREA WOULD FIRE ITS MISSILES AGAINST U.S. FORCES IN ANY SITUATION SHORT OF WAR.

Q: What is the current estimate of the size of North Korea's nuclear weapon arsenal?

A: WE ASSESS THAT NORTH KOREA HAS PRODUCED ENOUGH PLUTONIUM FOR AT LEAST ONE NUCLEAR WEAPON OR, POSSIBLY, TWO.

Q: How confident are we that North Korea is complying with the terms of the 1994 Agreed Framework regarding plutonium production activities in Yongbyon?

A: THE DPRK HAS NOT RELOADED OR OPERATED ITS 5 MWE REACTOR AT YONGBYON, AND IT HAS HALTED CONSTRUCTION AT THE LARGER 50 AND 200 MWE REACTORS. IT IS NOT PRODUCING FUEL AT THE FUEL FABRICATION FACILITY AT YONGBYON, AND IT HAS FOREGONE REPROCESSING SPENT FUEL AND ALLOWED THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) TO SEAL THE PROCESSING PLANT THERE. IAEA INSPECTORS HAVE MAINTAINED A CONTINUOUS PRESENCE AT THE YONGBYON NUCLEAR RESEARCH CENTER SINCE 1994, AND THEY REPORT THAT THE FREEZE ON PRODUCTION REMAINS IN EFFECT.

Public Disclosure of the Aggregate Intelligence Budget

Q. 29) For a number of years, individuals have advocated the public disclosure of the aggregate intelligence budget. In your opinion, what would be the specific threat to U.S. national security from publicly disclosing the aggregate intelligence budget?

A:

- HOSTILE INTELLIGENCE SERVICES ALREADY KNOW A GREAT DEAL MORE ABOUT US INTELLIGENCE COMMUNITY BUDGETS, RESOURCES AND CAPABILITIES THAN WOULD BE REVEALED BY PUBLIC CONFIRMATION OF AN AGGREGATE NUMBER THAT IS REPORTED WITH VARYING ACCURACY IN MEDIA ACCOUNTS.
  - A DECISION ON THIS MATTER IS A POLICY CALL.

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United States Senate

SSCI #2002-0857/B

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

February 21, 2002

Vice Admiral Thomas Wilson
Director
Defense Intelligence Agency
Washington, D.C. 20340

Dear Admiral Wilson:

We appreciate your participation in our February 6, 2002 hearing on the current and projected national security threats to the United States. Your willingness to address this important issue in open session was appreciated and made an important contribution, not only to the work of our Committee, but to the American public's awareness of U.S. national security interests.

We are submitting the attached questions for the record to you. The unclassified responses to these questions will be an important part of our hearing transcript which we hope to release as expeditiously as possible. Accordingly, we would appreciate it if you would respond in writing to these questions no later than March 11, 2002.

If there are any questions, please have your staff contact Don Mitchell of our Committee staff at (202) 224-1700. We appreciate your cooperation in this matter.

Sincerely,

Bob Graham
Chairman

Richard C. Shelby
Vice Chairman

Enclosure as stated

QUESTIONS FOR-THE-RECORD

The Intelligence Community's Ability to Monitor Terrorist Activity

1) The Intelligence Community is America's early warning system against threats to American lives and property both here and overseas. What are the Intelligence Community's greatest strengths and deficiencies in monitoring terrorism? What lessons have you learned from September 11, 2001 to address any shortcomings? Do you all believe that you have sufficient resources to fight the war on terrorism?

The Continuing Threat Posed by al-Q'aida

2) How many Taliban and al-Qa'ida members have been killed, wounded or captured since September 11, 2001? To what extent have al-Qa'ida and the Taliban been effectively eliminated as a threat to U.S. interests?

Status of U.S. Objectives in Afghanistan

3) President Bush has indicated that among U.S. objectives in Afghanistan are the following: deliver to the U.S. all the leaders of al-Qa'ida who hide in Afghanistan; release all foreign nationals, including U.S. citizens, who have been unjustly imprisoned; closing every terrorist training camp in Afghanistan, and handing over every terrorist, and every person in their support structure, to appropriate authorities; and give the U.S. full access to terrorist training camps, so we can make sure they are no longer operating. Please provide an overview of the status of compliance with these demands. What level of commitment will need to be made to Afghanistan to prevent it from once again becoming a breeding place for international terrorism?

Nations Supporting Terrorism

4) In his speech to a Joint Session of Congress last September 20, President Bush stated that "[f]rom this day forward, any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime." The Secretary of State maintains a list of countries that have "repeatedly provided support for acts of international terrorism." Currently, the seven countries on this terrorism list are: Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria. How good is our intelligence on the terrorist related activities of these countries? Has the Intelligence Community noted any increase or diminution of these countries' support to terrorism since last September 11, 2001?

Embassy and Overseas Facilities Security

5) What is the nature and extent of the terrorist threat to U.S. diplomatic and military facilities overseas and how has it changed since September 11, 2001? Do you believe that the Departments of Defense and State have taken appropriate security measures to address the terrorist threat to all of their overseas facilities?

Trying Terrorists by Military Tribunals

6) On November 13, 2001, President Bush signed a Military Order pertaining to the detention, treatment and trial of certain non-citizens in the current war against terrorism. Please describe how the Intelligence Community is involved in this process, including the interrogation of prisoners.

Possible Terrorist Use of "Conflict Diamonds"

7) The mining and sales of diamonds by parties to armed conflicts -- particularly Angola, Sierra Leone and the Democratic Republic of the Congo -- are regarded as a significant factor fueling such hostilities. These diamonds, known as "conflict diamonds," comprise an estimated 3.7% to 15% of the value of the global diamond trade. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including al-Q'aida?

Vietnam

8) What is your assessment of the level of assistance provided by the Government of Vietnam to the U.S. on POW-MIA issues? Do you believe that there is any room for improvement in this area?

Security of the Russian Nuclear Stockpile

9) What is your assessment of the safety and security of the Russian nuclear stockpile (including weapons grade material)? How does the security of the Russian nuclear stockpile compare to the security of the U.S. nuclear stockpile?

Russia's Closure of Intelligence Facilities in Cuba and Vietnam

10) On October 17, 2001, Russia announced that it will close its large electronic intelligence base in Lourdes, Cuba, as well as its naval base in Cam Ranh Bay, Vietnam. What is the status of the closure of these facilities? What will be the impact of the closure of these facilities on Russia's relations with Cuba and Vietnam?

Russian Military Capabilities

11) If present trends continue, what will be the Russian military's capability to conduct operations 5 years from now? Do these trends indicate the possibility that Russia may soon have insufficient military force to retain order within Russia?

Transfer of Technology from Russia

12) What general trends has the Intelligence Community noticed of scientists, technology and conventional and unconventional military sales from Russia to other nations? What trends have you detected that Russia nuclear materials, BW, CW or ballistic missile-related materials or technology, have found their way to the international black market? What are the implications of these trends for U.S. security?

The Situation in North Korea

13) What is the likelihood that North and South Korea will unify within the next 5 years? What is the likelihood that unification between North and South Korea will be a peaceful process? Under what circumstances would a war be likely? How strong is Kim Jong-il's hold on power? Who will likely succeed him?

Trends in Conventional Arms Transfer Activities

14) What are the most recent major trends you have identified in conventional arms transfer activities with respect to sales to the Middle East from foreign suppliers, to China by Russia, and by all suppliers to Iran? What specific major conventional weapons systems have been transferred from Russia to Iran and to China?

Implications of U.S. Withdrawal from the ABM Treaty

15) On December 13, 2001, President Bush notified Russia that the U.S. intends to withdraw from the ABM Treaty -- the withdrawal to be completed in June of this year. How will Russia react militarily to the U.S. withdrawal from the ABM Treaty? What will China's likely military reaction be? What is the likelihood that the deployment of a U.S. ballistic missile defense will lead to the escalation of ballistic missile and tactical missile defense systems by other countries, as well as a commensurate increase in the number of ballistic and tactical missiles to overwhelm these defensive systems?

North Korea's Taepo Dong-2

16) Last December's NIE on the ballistic missile threat states that "North Korea's multiple-stage Taepo Dong-2, which is capable of reaching parts of the United States with a nuclear weapon-sized (several hundred kilogram) payload, may be ready for flight-testing." What will be the impact of the continuation of the North's flight test moratorium on the development of this missile? Under what circumstances would North Korea be likely to use its missile capability against the U.S.? What is the current estimate of the size of North Korea's nuclear weapon arsenal? How confident are we that North Korea is complying with the terms of the 1994 Agreed Framework regarding plutonium production activities in Yongbyon?

Nonmissile Means for Delivering Weapons of Mass Destruction

17) Last December's NIE on the ballistic missile threat states that "[s]everal countries *could* develop a mechanism to launch SRBMs [short-range ballistic missiles], MRBMs [medium-range ballistic missiles], or land-attack cruise missiles from forward-based ships or other platforms; a few are *likely* to do so -- more likely for cruise missiles -- before 2015." Which countries have the capability to threaten U.S. territory with missiles from ships or other platforms? Which nations are the likeliest to do so? What is the Intelligence Community's ability to monitor this threat and provide early warning against an attack?

The Impact of HIV/AIDS and Other Infectious Diseases

18) What will be the impact of HIV/AIDS on Africa and other countries 10 years from now? Upon which countries is HIV/AIDS affecting the military and economy the most? Where do these trends seem to be heading in the long term? What other infectious diseases -- such as tuberculosis, malaria and hepatitis -- will have the most impact over the next 10 years?

Criminal Organizations and Networks

19) What is the likelihood that criminal organizations and networks will expand the scale and scope of their activities over the next 10 years? What is the likelihood that such groups will traffic in nuclear, biological or chemical weapons?

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DEFENSE INTELLIGENCE AGENCY

WASHINGTON, D.C. 20340-

SSCI # 2002 - 1381

U-02,0109/DM-CA

21 March 2002

Honorable Bob Graham
Chairman, Select Committee
On Intelligence
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

On 6 February, Vice Admiral Wilson provided testimony before the Select Committee on Intelligence on the current and projected national security threats to the United States.

On 21 February, the committee forwarded several Questions for the Record the responses to which were to become part of the official transcript of the hearing.

Admiral Wilson has reviewed the responses to those questions and is herewith providing them for inclusion into the official record of the proceedings.

1 Enclosure
DIA Response to OFR's (U)

WILLIAM R. GRUNDMANN
Chief, Office of Congressional Affairs

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SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
6 February 2002

QUESTION AREA: (U) Terrorism

QUESTION 1: The Intelligence Community is America's early warning system against threats to American lives and property both here and overseas.

A) (U) What are the Intelligence Community's greatest strengths and deficiencies in monitoring terrorism?

B) (U) What lessons have you learned from September 11, 2001 to address any shortcomings?

C) (U) Do you believe you have sufficient resources to fight the war on terrorism?

ANSWER: A. (U) US intelligence collection against terrorists generally provides a good strategic picture of the terrorist threat, to include terrorist groups' capabilities, intentions, structure and areas of operation. Collection, however, rarely provides tactical warning of a future attack. For instance, the intelligence community can tell you that planning for a terrorist attack is nearing completion. However, we often lack the insight to provide specifics on exactly where or how that attack will be carried out.

(U) The Intelligence Community has needed, and continues to need, an experienced body of highly qualified and motivated personnel performing rigorous analysis against the terrorist target. Congruent with that is the need for more detailed data, improved information sharing among agencies, and improvements in automation. The lack of information sharing among and between members of the intelligence and law enforcement communities continues to be an issue that directly affects the quality of analysis. DIA's current initiatives to strengthen Defense terrorism analysis is based on the principles of giving analysts access to the full range of all-source reporting and applying the proper resources to more precisely direct National-level Defense intelligence analytical support for warning and Force Protection.

ANSWER: B. (U) The events of 11 September have reinforced a number of assumptions, have forced us to challenge other long held assumptions, and have taught us several new lessons. Usama Bin Ladin and his al-Qaida network do not operate under the same constraints as other terrorist organizations. While prior to 11 September, it was certainly obvious that US interests were al-Qaida's primary target, a vast majority of all reporting concerned al-Qaida interests and threats outside CONUS. Al-Qaida is creative and opportunistic. The conceptualization and initiation of planning leading to an attack using only box-cutters, and leading to over 2,000 deaths is clear enough evidence of that ingenuity.

(U) An important lesson for the Intelligence Community involves open information sharing. We are fighting a flexible enemy—certainly more flexible than the Intelligence Community structure--with a worldwide presence. To battle this enemy most effectively, the intelligence analysts must be able to have access to all "all source" information to provide a true all-source picture of the terrorist threat.

(U) A last point to make also goes back to a point raised above: information technology. As the government provides increasing resources to fight terrorism, to include money for more analysts and collectors, we expect the volume of terrorism-related information to continue to increase. The level of information inundating analysts is already one of the greatest challenges we face. To help analysts sort through ever larger piles of data, the Intelligence Community must help develop and then introduce improved tools to sort and sift this information.

ANSWER C: (U) We will provide a response to this question in the classified responses to SSCI's classified questions for the record.

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SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
6 February 2002

QUESTION AREA: (U) The continuing threat posed by al-Qaida:

QUESTION 2: A) (U) How many Taliban and al-Qaida members have been killed,wounded or captured since September 11?

B) (U) To what extent have al-Qaida and the Taliban been effectively eliminated as a threat to U.S. interests?

ANSWER: A. (U) The exact numbers of al-Qaida killed or wounded are not known. Several hundred al-Qaida personnel have been captured in Afghanistan and Pakistan, with thousands of others apprehended worldwide. We believe the most senior al-Qaida personality killed to date was Usama Bin Ladin's senior deputy Muhammad Atef. The most senior al-Qaida personality captured to date is Ibn al-Shaykh al-Libi, perhaps the most experienced al-Qaida trainer.

ANSWER: B. (U) Al-Qaida is and will remain a serious threat to US interests at home and abroad and also pose a continuing threat to US allies and partners in the campaign against terrorism. Illustrative of this threat are the attacks that have been thwarted since 11 September. Examples include the "shoebomber" Richard Reid, disrupted attacks against US Navy assets in Southeast Asia, and arrests of North Africans in Italy who may have been planning to attack our Embassy. Pressure against the al-Qaida network has resulted in scores of arrests, disrupted terrorist attacks, and ultimately, appears to be causing the network to become increasingly decentralized. As the network becomes more decentralized, it will be more difficult for it to act in a coordinated fashion and raise and distribute funds and other material. Nonetheless, experienced, at-large al-Qaida operatives possess the ability to put together terrorist operations regardless of the ultimate disposition of senior al-Qaida leadership.

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SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
6 February 2002

QUESTION AREA: (U) Status of U.S. Objectives in Afghanistan

QUESTION 3: (U) President Bush has indicated that among U.S. objectives in Afghanistan are the following: deliver to the U.S. all the leaders of al-Qa'ida who hide in Afghanistan; release all foreign nationals, including U.S. citizens, who have been unjustly imprisoned; closing every terrorist training camp in Afghanistan, and handing over every terrorist, and every person in their support structure, to appropriate authorities; and give the U.S. full access to terrorist training camps, so we can make sure they are no longer operating.

A) (U) Please provide an overview of the status of compliance with these demands.

B) (U) What level of commitment will need to be made to Afghanistan to prevent it from once again becoming a breeding place for international terrorism?

ANSWER: A. (U) Authorities in Afghanistan are cooperating with US and other coalition partners. Terrorists no longer are known to be training in Afghanistan. Aside from former al-Qaida fighters, DIA is not aware of any US or foreign nationals being held against their will in Afghanistan. Despite the interim government's best efforts and continuing coalition activities, al-Qaida retains a presence in Afghanistan. Complicating US and interim government efforts are terrain, weather, manpower issues, and the ethnic/political rivalries of the country. Fully destroying or flushing out the al-Qaida presence in Afghanistan is a long-term endeavor.

ANSWER: B. (U) A sustained and protracted campaign against terrorists worldwide will prevent al-Qaida from establishing its roots anywhere in the world. Afghanistan's unique role as a base of operations was a key factor in the expansion of the al-Qaida network from 1996-2001; the benefits al-Qaida enjoyed in Afghanistan, such as access to training, safe-haven, jihad opportunities, a common meeting place and a place where friendships are built and personal links forged, can not be allowed to be duplicated elsewhere. Constant pressure puts terrorists in the defensive mode, inhibits their ability to mount an effective terrorist operation and prevents them from establishing themselves in any one geographic location.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
6 February 2002

QUESTION AREA: (U) Nations Supporting Terrorism

QUESTION 4: (U) In his speech to a Joint Session of Congress last September 20, President Bush stated that "[f]rom this day forward, any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime." The Secretary of State maintains a list of countries that have "repeatedly provided support for acts of international terrorism." Currently, the seven countries on this terrorism list are: Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria.

A) (U) How good is our intelligence on the terrorist related activities of these countries?

B) (U) Has the Intelligence Community noted any increase or diminution of these countries' support to terrorism since last September 11, 2001?

ANSWER: A. (U) The intelligence which links these states to terrorist activities is voluminous and very credible. The degree to which each remains involved in such activities varies greatly. Iran remains the premier state sponsor of terrorism. Iran and Iraq are both engaged in activity that poses a potential, direct terrorism threat to US personnel and facilities. The other countries support groups or engage in behavior that poses an indirect threat to broader US interests.

ANSWER: B. (U) There has been no notable change in these countries support to terrorism since 11 September. However, certain states are playing a constructive role via the provision of intelligence and/or other means in the war against terrorism.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
6 February 2002

QUESTION AREA: (U) Embassy and Overseas Facilities Security

QUESTION 5: A) (U) What is the nature and extent of the terrorist threat to U.S. diplomatic and military facilities overseas and how has it changed since September 11, 2001?

B) (U) Do you believe that the Departments of Defense and State have taken appropriate security measures to address the terrorist threat to all of their overseas facilities?

ANSWER : A. (U) DoD and DOS assets worldwide will remain an attractive target for terrorist groups. Terrorists have and will continue to target DoD facilities. Increased worldwide cognizance of the terrorist threat and increased cooperation may allay the threat to some extent.

ANSWER: B. (U) We believe that DoD has been vigilant in taking the necessary security precautions to help mitigate the terrorist threat. While more security can always be added, these requirements must constantly be balanced with our ability to continue the overseas mission.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
6 February 2002

QUESTION AREA: (U) Terrorism Issues

QUESTION 6: (U) On November 13, President Bush signed a Military Order pertaining to the detention, treatment and trial of certain non-citizens in the current war on terrorism. Please describe how the IC is involved in this process, including the interrogation of prisoners?

ANSWER: (U) DIA participates in the Intelligence and Law Enforcement Communities' programs for the interrogation of detainees. In Afghanistan and Guantanamo Bay, the Army is the lead department for the interrogation of detained personnel, with DIA and other Intelligence Community personnel attached to the joint interrogation operations. Guantanamo Bay DIA/DHS personnel are under direct control of the SOUTHCOM JTF 170 commander. DIA/DHS personnel concentrate on collecting intelligence of a strategic military nature, rather than the tactical intelligence which is the Army's focus. DIA also is deeply involved in the analysis of information derived from these prisoners and providing follow up questions based on reporting from their interrogations. As of 3 March 2002, all 300 detainees have been interviewed and/or screened by DHS personnel at Guantanamo Bay.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
6 February 2002

QUESTION AREA: (U) Possible Terrorist Use of "Conflict Diamonds"

QUESTION 7: (U) The mining and sales of diamonds by parties to armed conflicts --particularly Angola, Sierra Leone and the Democratic Republic of the Congo -- are regarded as a significant factor fueling such hostilities. These diamonds, known as "conflict diamonds," comprise an estimated 3.7% to 15% of the value of the global diamond trade. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including al-Qaida?

ANSWER: (U) Several al-Qaida cell members in both Kenya and Tanzania were nominally active in both legitimate and illegitimate gem trading. Most significant was their involvement with the Tanzanite King Company based in Nairobi. However, since the August 1998 East Africa bombings, there have been no further credible indications of al-Qaida involvement in gem trading. Recent press reporting suggests that the group may still benefit from gem smuggling operations; however, the available intelligence does not support the existence of a direct business relationship between al-Qaida, the Revolutionary United Front rebels of Sierra Leone and the dictator of Liberia, Charles Taylor. Although plausible, there are few, if any, indications of direct relationships between terrorist organizations and the diamond trade.

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SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
6 February 2002

QUESTION AREA: (U) Vietnam

QUESTION 8: A) (U) What is your assessment of the level of assistance provided by the government of Vietnam to the US on POW/MIA issues?

B) (U) Do you believe that there is any room for improvement in this area?

ANSWER: (U) These policy questions could best be answered by the Office of the Secretary of Defense, Defense POW/Missing Personnel Office (OSD/DPMO). I would merely note that, while there is always room for improvement, DIA does certify Vietnamese efforts in a report the President sends to Congress annually.

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SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
06 February, 2002

QUESTION AREA: (U) Security of the Russian Nuclear Stockpile

QUESTION 9:

A) (U) What is your assessment of the safety and security of the Russian nuclear stockpile (including weapons grade material)?

B) (U) How does the security of the Russian nuclear stockpile compare to the security of the U.S. nuclear stockpile?

ANSWER A: (U) Russia employs physical, procedural, and technical measures to secure its weapons against an external threat, but many of these measures date from the Soviet era and are not designed to counter the preeminent threat faced today — an insider who attempts unauthorized actions. Moscow has maintained adequate security and control of its nuclear weapons, but a decline in military funding has stressed the nuclear security system.

(U) Security varies widely among the different types of Ministry of Atomic Energy (Minatom) facilities and other Russian institutes. Russian facilities housing weapons-usable nuclear material — uranium enriched to 20 percent or greater in uranium-235 or uranium-233 isotopes and any plutonium containing less than 8 percent of the isotope plutonium-238 — typically receive low funding, lack trained security personnel, and do not have sufficient equipment for securely storing such material. Weapons-grade and weapons-usable nuclear materials have been stolen from some Russian institutes. We assess that undetected smuggling has occurred, although we do not know the extent or magnitude of such thefts. Nevertheless, we are concerned about the total amount of material that could have been diverted over the last 10 years.

(U) Over the last six years, Moscow has recognized the need for security improvements and, with assistance from the United States and other countries, has taken steps to reduce the risk of theft. Through the Cooperative Threat Reduction Program and the U.S. Department of Energy's Material Protection, Control, and Accounting Program, the United States continues to assist Russia in improving security at nuclear facilities. Russia's nuclear security has slowly improved over the last several years, but risks remain.

ANSWER B: (U) DIA cannot perform a comparison with U.S. practices.

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QUESTION AREA: (U) Russia's Closure of Intelligence Facilities in Cuba and Vietnam

QUESTION 10: (U) On October 17, 2001, Russia announced that it will close its large electronic intelligence base in Lourdes, Cuba, as well as its naval base in Cam Ranh Bay, Vietnam.

A) (U) What is the status of the closure of these facilities?

B) (U) What will be the impact of the closure of these facilities on Russia's relations with Cuba and Vietnam?

ANSWER A: (U) The Russian Foreign Ministry and Ministry of Defense have made several statements to the press that the Russian listening post in Cuba has closed. According to the comments, only a small group of technicians remain to facilitate the transfer of equipment back to Russia. DIA has no reason to doubt the validity of these statements. The status of intelligence operations at Cam Rahn Bay Vietnam is not certain.

ANSWER B: (U) Relations between Havana and Moscow will remain lukewarm but stable. A major factor influencing Moscow's decision to close Lourdes was Cuban disregard of Russian attempts to collect its substantial Soviet-era debt.

(U) The Russian government continues to express its desire to maintain cordial relations with Cuba and expand economic ties, but has pursued debt repayment. In mid-September, it reportedly approved a draft plan that would require Cuba to repay its debt in goods and services during 2002. Relations could improve if Havana meets these new financial obligations to Moscow.

(U) The announced closure of the Russian naval base at Cam Ranh Bay has had little impact on Russian-Vietnamese relations, which remain friendly and cooperative. Both countries had anticipated the closure of the base, little used in recent years, for some time. High-level contacts have continued, with Russian Deputy Prime Minister Khristenko visiting Hanoi in January. Khristenko's trip prepared the path for a later visit by Russian Prime Minister Kasyanov. Bilateral trade is limited, growing to only $550 million in 2001; however, Russia remains an important player in Vietnam's oil and power-generation industries. Securing the repayment of Vietnam's debt to Russia remains an important objective for Moscow. Although Russia and Vietnam have remained friendly, their relationship is far less important for both states than were Sino-Soviet ties.

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QUESTION AREA: (U) Russian Military Capabilities

QUESTION 11:

A) (U) If present trends continue, what will be the Russian military's capability to conduct operations 5 years from now?

B) (U) Do these trends indicate the possibility that Russia may soon have insufficient military force to retain order within Russia?

ANSWER A: (U) Russia will be unable to project significant military power beyond the former Soviet states with conventional forces for at least the next 10 years. The Russian military increasingly will rely on its shrinking strategic and non-strategic nuclear arsenals to deter or, if deterrence fails, to counter large-scale conventional assaults on Russian territory. While it will maintain conventional superiority over former Soviet states, Russia's military power, relative to others in the region and neighboring areas, will decline.

ANSWER B: (U) No. Russian military and internal security forces will remain capable of maintaining order, countering insurgency within its borders, and quelling all but the most extreme internal instability.

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QUESTION AREA: (U) Transfer of Technology from Russia

QUESTION 12:

A) (U) What general trends has the Intelligence Community noticed of scientists, technology and conventional and unconventional military sales from Russia to other nations?

B) (U) What trends have you detected that Russian nuclear materials, BW, CW or ballistic missile-related materials or technology have found their way to the international black market?

C) (U) What are the implications of these trends for U.S. security?

ANSWER A: (U) In general terms, the Intelligence Community has noticed an increase in the number of Russian scientists working in or with the defense industries of other nations, although exact numbers and locations cannot be confirmed. This increase is consistent with the worldwide trend to collaborate on the development of new, technologically complex, and costly weapon systems. Russia, in particular, is dependent upon the funding of other nations to share the financial burden associated with the development of new and costly weapon systems. Transfers of technology are commonly associated with the joint development of weapon systems. This trend is apparent in Russia and elsewhere in the world, where development of advanced conventional weapon systems is too costly for one nation to undertake alone.

(U) With regard to unconventional weapons, Russia transfers technologies and commodities having legitimate civilian and military applications, i.e. dual-use, to a variety of nations with interests inimical to the U.S. Many of these nations target such dual-use exports, since they can be applicable to their WMD programs. Due to the inherently dual-use nature of the exports, Russian exporters can more easily disguise the ultimate end-user or end-use.

ANSWER B: (U) Following a notable spike in activity in the mid-1990s, there has been a decrease in the credible instances of trafficking in Russian-origin nuclear materials. Since 1991, there have been 195 such reports (Figure 1), 32 of which included enriched uranium or plutonium. The peak period of trafficking occurred between 1992 and 1994, which accounts for 45% of the total number of incidents. The number of cases peaked in 1994 at 40 cases, then declined during the mid and late 1990s. Since 1999, the number of cases reported annually has remained in the low teens. In 80% of these reported cases, there is no independent corroboration of the incident, so what details we have must be used cautiously.

(U) Our information largely is limited to intercepted materials and may not necessarily present a true picture of the black market. Many smuggling attempts end with the capture of the smuggler, but yield no information on the buyer, if any, and we have no way of knowing how many or what kind of transactions go undetected.

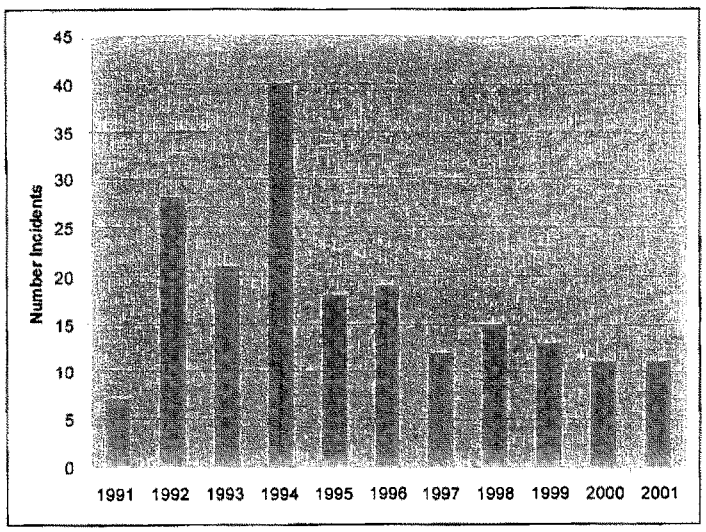

Figure 1: (U) Reported smuggling cases of Russian-origin nuclear materials.

(U) Following the breakup of the Soviet Union, there was reason to suspect that Russian entities with connections to organized-crime or black-markets would be interested in brokering biological weapon technologies and expertise. We have no evidence, however, of any transfer unique to biological weapons. During the mid 1980's, Russia eliminated its standing arsenal of biological weapons in favor of mobilization-production in time of war. Consequently, no agent stockpiles are believed extant to serve as a basis for proliferation. The dual-use nature of the technologies required for biological warfare has enabled those seeking such technologies from Russia to do so under an umbrella of legitimacy, largely eliminating a role for criminal elements in biotechnology transfers.

(U) Since the breakup of the Soviet Union, the Russian press has alleged that some chemical materials were sold to organized criminal groups. We can not substantiate these claims. It is entirely possible, however, that criminal elements have acquired toxic industrial chemicals, poisons, riot-control agents, and even actual chemical warfare agents from various sources. We cannot rule out that thefts or illicit transfers of materials have occurred from military units, commercial facilities, and even from CW-related research, production and storage facilities -- either active sites or those that were

abandoned after the breakup of the Soviet Union. The mafia could readily market such chemical materials to insurgents or to countries of concern seeking to enhance their chemical warfare capabilities, as well as to terrorist groups. Other press reports claimed that al-Qaida operatives were seeking chemical and biological materials and expertise in the Central Asian states. There is no information to substantiate whether or not al-Qaida obtained any chemical or biological warfare related material or expertise from former Soviet or Russian entities.

ANSWER C: (U) Even though the black market may not play a large role, the biological weapons threat to U.S. security likely will increase over time. Countries and entities seeking BW-enabling technologies are expected to become more adept at using legitimate acquisition of dual-use technologies and their applications for biological weapons-related purposes. DIA also judges that advancements in biotechnology will further complicate the capability to control or prevent their abuse.

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QUESTION AREA: (U) The Situation in North Korea

QUESTION 13: A) (U) What is the likelihood that North and South Korea will unify within the next 5 years and what is the likelihood that unification between North and South Korea will be a peaceful process?

B) (U) Under what circumstances would a war be likely?

C) (U) How strong is Kim Jong-il's hold on power?

D) (U) Who will likely succeed him?

ANSWER: A. (U) The likelihood that North and South Korea will reunify in the next 5 years is very low. North Korea shows few signs of meaningful economic reform or engagement with Western economies, choosing instead to emphasize its socialist ideology and military capabilities. Over the past year, Pyongyang has backed away from its willingness to engage the South and, for its part, Seoul now is less willing to provide economic assistance without reciprocal political concessions on the part of the North. It also appears unlikely that the next administration in Seoul, which will take office in February 2003, will pursue openings to the North with the determination that has been the hallmark of the now lame-duck Kim Dae Jung administration. Together with North Korea's growing anxiety (and retrenchment) over U.S. intentions associated with the global war on terrorism, these developments make it extremely unlikely that significant progress toward peaceful reunification will occur over the next five years.

ANSWER: B. (U) North Korea probably will not attack South Korea, unless the strategic environment on the peninsula changes significantly. An attempted North Korean unification by force is unlikely unless U.S. resolve and ability to defend the peninsula change and South Korea's political will to resist weakens. The greatest risk of conflict would occur if Pyongyang miscalculates the strategic equation, perhaps as a result of an internal crisis, a regional conflict, or a belief that military action by the U.S.-ROK Combined Forces Command was imminent.

ANSWER: C. (U) Kim Chong-il exercises firm control over North Korea and its military establishment. Kim has been careful to place staunch loyalists in positions of authority, has cultivated favor with military leaders, and has not allowed other officials to build large followings of their own. Any sudden incapacitation of Kim Chong-il, therefore, most likely would occur as the result of illness, accident, or an individual attack on his person. The institutions of government, including the armed forces, are unlikely to be threatened and, like Kim himself, other senior

officials risk loss of privilege and power should they attempt substantial change to the system. Thus, party and government officials probably would support a successor who would command, while ensuring internal stability and a continuation of the status quo.

ANSWER: D.(U) Kim Chong-nam, 30, Kim Chong-il's oldest son, is rumored to be the eventual heir, assuming North Korea adheres to a hereditary succession formula, but he has not yet assumed any high-profile government or Party positions. If Kim Chong-il is incapacitated in the near term, before Kim can groom a successor, it is more likely that power will be assumed by one of the high-ranking members of the National Defense Commission, someone possessing both strong Party affiliations and the loyalty of the military. Possible candidates include Vice Marshals Cho Myong-nok, 79, and Kim Young-chun, 69, although age and health problems may limit Cho's role. It is also possible that someone like Chang Song-taek, Kim's influential brother-in-law, could assume power, provided the military remained loyal.

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QUESTION AREA: (U) Trends in Conventional Arms Transfer Activities

QUESTION 14:

A) (U) What are the most recent major trends you have identified in conventional arms transfer activities with respect to sales to:
- the Middle East from foreign suppliers,
- to China by Russia, and
- all suppliers to Iran?

B) (U) What specific major conventional weapons systems have been transferred from Russia to:
- Iran, and
- China?

ANSWER A: (U) **The Middle East.** The Middle East generally has been the largest arms market in the developing world. In 1993-1996, it accounted for 55 percent of the total value of all developing nations' arms transfer agreements ($46 billion in current dollars). During 1997-2000, the region accounted for 47 percent of all such agreements ($38.4 billion in current dollars).

(U) The U.S. dominated arms transfer agreements with the Middle East during 1993-2000, with 55 percent of their total value ($46.5 billion in current dollars). France was second during these years, with 23 percent ($19.2 billion in current dollars). From 1997-2000, the United States accounted for 61 percent of arms agreements with this region ($23.4 billion in current dollars), while France accounted for 16 percent of the region's agreements ($6.2 billion in current dollars), representing most of the arms transfer agreements by the major West European suppliers with the Middle East.

(U) Future arms sales in the region will involve advanced fighter aircraft, tactical air launched missile systems, tactical air defense systems. Europe, Russia and the United States will be looked to as sources of these weapon systems.

(U) **China.** China's current and future arms acquisitions include fighter aircraft, major surface combatants, and advanced air defense systems. China relies heavily on Russian military technology, which can be found in all major categories of Chinese advanced conventional weapon systems. Russian technology transfer will make the lethality of China's currently deployed conventional weapons at least one generation more advanced.

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(U) The following is a list of China's active arms agreements.

Aircraft

Su-30MK FLANKER (second batch)
Su-27UBK FLANKER tandem-seat trainers
A-50E MAINSTAY airborne early-warning aircraft
Mi-17 HIP helicopters
AA-12 ADDER air to air missiles

Naval

SOVREMENNYY Class guided missile destroyers
Repair for KILO Class submarines

Ground

SA-10/20 GRUMBLE SAM systems
SA-15 GAUNTLET SAM systems
Licensed production of the RPO-A SHMEL flamethrower system

(U) **Iran.** Over the last six years, Iran signed arms agreements with over 40 countries for military equipment valued at approximately $2.2 billion. Principal suppliers are Russia, China, and North Korea, which were responsible for almost 90 percent of the agreements and 80 percent of deliveries. Russia is Iran's leading supplier, with contracts valued at about $1 billion mainly for ground attack aircraft and naval services. China is the second leading supplier, with contracts valued at $800 million, mainly for sale and co-production of naval equipment. Other significant agreements include ballistic missile equipment and technology from Russia, North Korea, and China.

(U) At the end of 2000, Russia announced it intended to withdraw from a 1995 agreement with the U.S., intending to enter into new weapons sales contracts with Iran effective 1 December. Russia's agreement with the U.S. had prohibited new Russian sales of tanks and other conventional weapons to Iran, but permitted Moscow to fulfill contracts for hundreds of tanks and armored personnel carriers. The deal also allowed Russia to deliver a diesel-powered submarine and a number of sophisticated torpedoes. The agreement exempted Russia from U.S. sanctions for selling weapons to Iran, in exchange for Moscow's pledge that it would end all deliveries of sophisticated conventional arms to Tehran by 31 December, 1999.

(U) Iran's primary arms negotiations are with Russia, and Moscow's ailing defense industrial sector needs new orders. Press reports claim that Russia's implementation of the bilateral agreement with the U.S. may have cost Moscow as much as $2 billion in lost sales. Potential contracts that have been under negotiation

include modern air defense systems, aircraft, helicopters, naval systems and ground force weapons potentially worth an additional $2 billion over the next 5 years.

(U) Since 1988, when Iran exhausted its supply of SCUD-B SRBMs during the Iran-Iraq War and was unable to procure additional missiles with which to retaliate against Iraq, Tehran has worked tirelessly to develop indigenous ballistic and cruise missile production capabilities, so that its military readiness would never again be compromised by dependence on outside suppliers. Three countries which have made the largest contribution t these long-term efforts are China, North Korea, and Russia.

(U) China has sold Iran a variety of short-range cruise missiles and completed CSS-8 SRBMs. China also has transferred to Iran a variety of key missile-related equipment, materials, and enabling technologies, but seems reluctant to transfer complete mis systems that would damage Sino-U.S. relations and unequivocally violate the Missile Technology Control Regime (MTCR), to which it gives limited support. China considers its relationship with Iran to be a long-term strategic relationship and is likely to continue providi advanced technology to Iran for the foreseeable future.

(U) North Korea, not a party to the MTCR, is less constrained by appearances and has sold Iran SCUD B and C SRBMs and associated production technology. Teheran was able successfully to assimilate this SCUD technology and has now moved on to develop the larger Shahab 3 MRBM (based on the North Korean No Dong MRBM). In addition to SRBM and MRBM development, Iran is likely to develop space launch vehicles to put satellites into orbit and to establish the technical base from which it could develop IRBMs/ICBMs capable of delivering payloads to Western Europe and the United States. These systems will likely include significant inputs of technology and support from North Korea, Russia and China.

ANSWER B: (U) Equipment exports from Russia to Iran, 1997-2001:

Mi-171 HIP helicopters
KILO Class (877) submarine
BMP-2 Infantry Fighting Vehicles
Assembly Kits for BMP-2 IFV
T-72S Medium Tanks
ATGMs

(U) Equipment exports from Russia to China, 1997-2001:

Su-27 and Su-30MK FLANKER fighter aircraft
Assembly Kits for Su-27 FLANKER fighters
Ka-28 HELIX, Mi-17 and Mi-171 HIP helicopters
KILO Class (636) submarines
KIEV Class aircraft carrier
SOVREMENNYY Class Guided Missile Destroyers
SS-N-22 SUNBURN Antiship Cruise Missiles

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QUESTION AREA: (U) Implications of U.S. Withdrawal from the ABM Treaty

QUESTION 15: (U) On December 13, 2001, President Bush notified Russia that the U.S. intends to withdraw from the ABM Treaty -- the withdrawal to be completed in June of this year.

A) (U) How will Russia react militarily to the U.S. withdrawal from the ABM Treaty?

B) (U) What will China's likely military reaction be?

C) (U) What is the likelihood that the deployment of a U.S. ballistic missile defense will lead to the escalation of ballistic missile and tactical missile defense systems by other countries, as well as a commensurate increase in the number of ballistic and tactical missiles to overwhelm these defensive systems?

ANSWER: A. (U) Thus far, Russia's reaction to the announcement of the U.S. intention to withdraw from the ABM Treaty has been muted and low-key. This official reaction stands in contrast to past declarations of numerous steps that Moscow might take in response to U.S. withdrawal from the ABM Treaty. These measures included increasing deployment of the SS-27, Russia's most modern intercontinental ballistic missile (ICBM); deploying multiple independently-targetable re-entry vehicles (MIRV) on the single-warhead SS-27; deploying 10 warheads on an improved version of the SS-N-23 submarine-launched ballistic missiles (SLBM); retaining older ICBMs in the force; deploying ICBMs and SLBMs with penetration aids; prioritizing next-generation cruise missile development; and developing and deploying a new intermediate-range ballistic missile. Russian officials, including President Putin, now emphasize that no missile defense system exists, and it is uncertain whether it will exist at all.

(U) Although Russia retains these options and others, its ultimate response will depend on the state of the overall relationship with the U.S., as well as on the precise architecture of U.S. strategic missile defense systems and the size of U.S. strategic forces. Any military response Russia should decide on also will require it to overcome the funding shortfalls that have hindered the Russian military for the last several years.

ANSWER: B. (U) Washington's announcement of withdrawal from the ABM treaty reinforced Beijing's concerns that the United States eventually will deploy

missile defense systems that will threaten the viability of China's small nuclear arsenal and its ballistic missile threat to Taiwan. In addition to attempting to rally support in the international community to oppose US missile defenses, China may be considering a number of military measures to counter them. These measures could include increasing numbers of missiles or developing multiple missile warheads for new or existing systems, employing decoys, or improving the technical characteristics of its missiles to deceive missile defenses. China already deploys short-range ballistic missiles (SRBMs) and is continuing to increase their number opposite Taiwan. It also could attempt to overwhelm missile defenses with medium-range ballistic missiles (MRBMs) and intercontinental ballistic missiles (ICBMs).

(U) China seeks to increase its ability to penetrate BMD systems while avoiding a Soviet-style arms race that would disrupt continued economic development.

ANSWER: C. (U) Regardless of US missile defense deployment, China has plans to increase production of ballistic missile and tactical missile defenses but would be further motivated to ensure survival of its nuclear deterrent if the US were to deploy a missile defense system. "Overwhelming" a BMD system is one of several measures that China is trying to take to counter a missile defense system that has not yet been developed and for which China is uncertain of the scope and range, both at the theater and at the strategic level.

(U) China's ballistic missile modernization began before it assessed that the U.S. would deploy a missile defense, but China likely will take measures to improve its ability to defeat the defense system to preserve its strategic deterrent. The measures likely will include improved penetration packages for its ICBMs, an increase in the number of deployed ICBMs, and perhaps development of a multiple warhead system for an ICBM, most likely for the CSS-4 that is large enough to deliver multiple warheads.

(U) DIA expects new production of Russian ballistic missile systems during the next five years to consist of SS-26 SRBMs, SS-27 ICBMs, SS-N-23 Sineva and Bulava-30 SLBMs. Anticipated production levels of these programs are not expected to increase beyond that which is currently projected.

(U) DIA expects that China will have strategic missile forces able to deliver about 100 warheads in the next 10 to 15 years.

(U) The likelihood of an escalation of "missile defense systems" in other countries in response to US missile defense is low. Foreign missile defense requirements will be driven by their own threat perceptions. Currently open sources indicate an interest in missile defense in Taiwan, Israel and India, in addition to the existing missile defense system around Moscow. These are not responses to U.S. deployment of missile defense. They are responses to existing missile threats.

(U) There will be an increase in the number of ballistic and tactical missiles world wide, regardless of US missile defense. North Korea, Iran, and Iraq are unlikely to eliminate their long-range missile programs because of missile defense, but are likely to develop countermeasures. Tactics are likely to emphasize salvo launches and time-on-target to attempt to overwhelm missile defense.

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QUESTION AREA: (U) North Korea's Taepo Dong-2

QUESTION 16: (U) Last December's NIE on the ballistic missile threat states that "North Korea's multiple-stage Taepo Dong-2, which is capable of reaching parts of the United States with a nuclear weapon-sized (several hundred kilogram) payload, may be ready for flight-testing."

A) (U) What will be the impact of the continuation of the North's flight test moratorium on the development of this missile?

B) (U) Under what circumstances would North Korea be likely to use its missile capability against the U.S.?

C) (U) What is the current estimate of the size of North Korea's nuclear weapon arsenal?

D) (U) How confident are we that North Korea is complying with the terms of the 1994 Agreed Framework regarding plutonium production activities in Yongbyon?

ANSWER A: (U) We believe that the flight test moratorium is having minimal impact on North Korea's ability to continue its development of the Taepo Dong-2 (TD-2) ICBM/SLV, short of conducting a flight test. By precluding flight testing, the moratorium probably would delay deployment of TD-2 missiles as long as it remains in place. While it is unlikely that Pyongyang would deploy the TD-2 without a flight test, such a move is possible. Although the TD-2 may be ready for flight testing, it also is possible the North Koreans could continue development of improved components during the moratorium. These activities probably are not precluded by the moratorium.

ANSWER B: (U) North Korea likely perceives its TD-2 ballistic missile capability primarily as a tool for deterrence and political coercion. During a conflict, the North also could attempt to strike U.S. and US interests with ballistic missiles, if North Korea's leadership were attacked directly or was facing imminent destruction.

ANSWER C: (U) We judge that North Korea has produced one, possibly two nuclear weapons.

ANSWER D: (U) DIA is reasonably confident that North Korea has met it's commitment to "freeze" the graphite moderated reactor at Yongbyon and to stop construction of two larger graphite moderated reactors, thus halting plutonium production at Yongbyon. North Korea has not come into compliance, however, with its IAEA

Safeguards Agreement (covered under the Agreed Framework) permitting IAEA sampling and measurements to verify the amount of plutonium declared in the spent fuel rods.

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QUESTION AREA: (U) Nonmissile Means for Delivering Weapons of Mass Destruction

QUESTION 17: (U) Last December's NIE on the ballistic missile threat states that "[s]everal countries *could* develop a mechanism to launch SRBMs [short-range ballistic missiles], MRBMs [medium-range ballistic missiles], or land-attack cruise missiles from forward-based ships or other platforms; a few are *likely* to do so -- more likely for cruise missiles -- before 2015."

A) (U) Which countries have the capability to threaten U.S. territory with missiles from ships or other platforms.

B) (U) Which nations are the likeliest to do so?

C) (U) What is the Intelligence Community's ability to monitor this threat and provide early warning against an attack?

ANSWER A: (U) Although we have identified the potential threat to the U.S. from short or medium range missiles on surface ships (especially disguised freighters), or on large aircraft, the only country known to be developing a surface ship launched capability is India, which is using navy patrol ships to launch its Dhanush ballistic missile. Also, Russia, China, France and the United Kingdom possess submarine launched ballistic missiles and deployed strategic missile submarines. The Ukraine, in concert with the US, Russia and Norway, has demonstrated the ability to launch a space launch vehicle from a converted floating drilling rig. Iran may have the capability to build a floating platform.

(U) More than 60 countries have sea or air launched antiship cruise missiles. Some of these missiles might be converted to attack targets on land. The launch platforms are operationally difficult to employ at long distances from bases, but in the future, some countries could develop such a capability to threaten the U.S.

ANSWER B: (U) The "some of these are likely" construct in the NIE was debated and adopted because of a desire not to rule-out a technically possible capability, rather than an intention to identify specific countries. This statement probably would best apply to the countries that we usually identify as potentially hostile to the U.S.

ANSWER C: (U) We are unable to provide an unclassified response.

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QUESTION AREA: (U) The Impact of HIV/AIDS and Other Infectious Diseases

QUESTION 18:

A) (U) What will be the impact of HIV/AIDS on Africa and other countries 10 years from now?

B) (U) Upon which countries is HIV/AIDS affecting the military and economy the most?

C) (U) Where do these trends seem to be heading in the long term?

D) (U) What other infectious diseases – such as tuberculosis, malaria and hepatitis – will have the most impact over the next 10 years?

ANSWER A: (U) The proportion of persons living with HIV/AIDS, characterized in Table 1 as the adult prevalence rate in 2001, will continue to rise

Regional HIV/AIDS statistics and features, end of 2001

Region	Epidemic started	Adults and children living with HIV/AIDS	Adults and children newly infected with HIV	Adult prevalence rate (*)	% of HIV-positive adults who are women	Main mode(s) of transmission (#) for adults living with HIV/AIDS
Sub-Saharan Africa	late '70s early '80s	28.1 million	3.4 million	8.4%	55%	Hetero
North Africa & Middle East	late '80s	440 000	80 000	0.2%	40%	Hetero, IDU
South & South-East Asia	late '80s	6.1 million	800 000	0.6%	35%	Hetero, IDU
East Asia & Pacific	late '80s	1 million	270 000	0.1%	20%	IDU, hetero, MSM
Latin America	late '70s early '80s	1.4 million	130 000	0.5%	30%	MSM, IDU, hetero
Caribbean	late '70s early '80s	420 000	60 000	2.2%	50%	Hetero, MSM
Eastern Europe & Central Asia	early '90s	1 million	250 000	0.5%	20%	IDU
Western Europe	late '70s early '80s	560 000	30 000	0.3%	25%	MSM, IDU
North America	late '70s early '80s	940 000	45 000	0.6%	20%	MSM, IDU, hetero
Australia & New Zealand	late '70s early '80s	15 000	500	0.1%	10%	MSM
TOTAL		40 million	5 million	1.2%	48%	

* The proportion of adults (15 to 49 years of age) living with HIV/AIDS in 2001, using 2001 population numbers.
# Hetero (heterosexual transmission), IDU (transmission through injecting drug use), MSM (sexual transmission among men who have sex with men).

Table 1. – UNAIDS update – December 2001

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worldwide during the next 10 years.

(U) The impact will be greatest in Africa, where HIV/AIDS is reversing development gains achieved in the past several decades and could create new transnational security threats. The majority of the HIV/AIDS deaths worldwide will continue to occur in Africa.

(U) Inevitably, because of their huge populations, China and India dominate any assessment of HIV/AIDS epidemics in Asia. China recently acknowledged that HIV/AIDS is well-established and will have serious implications, unless it is addressed by an aggressive campaign to prevent transmission. Beijing does not know how widespread the epidemic is, although many experts feel that China's HIV/AIDS prevalence will rise rapidly among intravenous drug users and commercial sex workers over the next 10 years. HIV/AIDS will no doubt have an impact on the military, but to what extent is unclear.

(U) India currently has low overall HIV infection rates, but even slight increases in prevalence translate into significant increases in gross numbers. An increase in India's adult HIV prevalence of just 0.1 percent, for example, would add more than half a million infected individuals. HIV in India will continue to spread through unsafe sex, administration of contaminated blood, and intravenous drug use. The impact of HIV/AIDS on the military likely will be limited by current screening policies.

(U) In Russia and Eastern Europe, more that 1 million people are infected with HIV. At the same time, Russia and Ukraine are experiencing negative population growth. Although major causes of death continue to include trauma and lifestyle diseases, such as alcoholism and coronary heart disease, soaring HIV infection rates in high-risk groups -- young intravenous-drug users and commercial sex workers -- will speed population decline. Russia and Ukraine will face problems supplying enough healthy conscripts for current and future missions. Future declines in the conscript pool will contribute to the trend toward use of less-manpower-intensive military strategies. Decreases in the entry-level labor pool will not affect Soviet-era heavy industry, but may impede development of high technology and defense sectors of the economy.

ANSWER B: (U) HIV/AIDS will have the most impact on the militaries and economies of African countries. The HIV prevalence within sub-Saharan militaries currently is between 20 and 60 percent. The impact on military capabilities varies across the region because of military HIV/AIDS policies, the military technology level, country-specific mores and beliefs, and the capabilities of various medical systems to provide interventions. Militaries in Botswana, Burundi, Cameroon, Cote d'Ivoire, Gabon, Kenya, Lesotho, Namibia, Rwanda, Sao Tome, South Africa, and Tanzania will be moderately degraded. Militaries in Nigeria, Swaziland, Zambia, and Zimbabwe will be most severely affected by HIV/AIDS.

(U) The macro-economic impact of HIV/AIDS in Africa remains difficult to gauge. Many factors apart from HIV/AIDS affect economic performance,

such as drought, internal or external conflict, corruption, and economic mismanagement. Despite these factors, evidence is growing that as HIV prevalence rates rise, both total and growth-rate in national income -- gross domestic product (GDP) -- fall significantly. African countries, in which less that 5 percent of the adult population is infected, will experience a modest impact on GDP growth rate. As the HIV prevalence rate rises to 20 percent or more, as it has in a number of southern African countries, GDP growth may decline up to 2 percent a year.

(U) Botswana and South Africa are likely to experience the largest economic decline. With adult prevalence rates around 36 and 20 percent, respectively, today's 15-year-old has a greater than 50 percent chance of dying of HIV-related causes, if current infection rates are not cut drastically.

(U) Medical systems throughout Africa are unable to provide adequate preventive health care to the populations. Prevention and education remain the key to combating HIV/AIDS. Preventing HIV infection costs an estimated U.S. $2 per person. Treating HIV/AIDS illnesses is estimated to cost U.S. $300 per year per person, just for medications alone. Clearly, no country in the region can afford to maintain that level of investment in health care until an affordable HIV vaccine is developed, which is unlikely for at least 10 to 15 years.

ANSWER C: (U) Although HIV infection and death rates have slowed considerably in developed countries, owing to the growing use of preventive measures and costly new multi-drug treatment regimes, the pandemic continues to spread in much of the developing world, where 95 percent of global infections and deaths have occurred.

(U) HIV/AIDS will cause more deaths than any other single infectious disease worldwide by 2020 and may account for up to one-half or more of infectious disease deaths in the developing world alone. Africa will remain the region most severely affected; however, Eastern Europe and Central Asia are experiencing the fastest growing epidemics.

(U) Since a large proportion of the people projected to become sick and die of HIV/AIDS during the next 10 to 15 years are infected already, the economic and health care impact will intensify over the next 10 years. Few countries, particularly those in sub-Saharan Africa, have expanded their HIV prevention programs to the extent needed to decrease infection rates. International and regional organizations are providing programs for HIV education and prevention, voluntary testing and counseling, and limited medical intervention in developing countries; however, the impact of these programs is gradual, creating a 3- to 7-year lag between implementation and any sustainable decrease in HIV infections. If prevention and education efforts are funded and executed effectively now, there will be a decrease in new cases in the years from 2009 to 2012.

(U) As examples, Uganda and Thailand implemented effective national programs in the 1990s that have led to declines in their HIV infection rates, because of vigorous involvement of their top leaders.

ANSWER D: (U) Lower respiratory infections, acute diarrheal diseases, malaria, hepatitis, dengue fever, and tuberculosis also will contribute to declining health, particularly in developing countries. Factors that will increase the impact of these diseases during the next 10 years include organisms that are resistant to current drug therapies, newly emerging infectious diseases, and spread of infectious agents to new geographic regions. Negative demographic and social conditions in developing countries -- such as continued urbanization, persistent poverty, and poor health care capacity -- facilitate spread of these infectious diseases.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
06 February, 2002

QUESTION AREA: Criminal Organizations and Networks

QUESTION 19:

A) (U) What is the likelihood that criminal organizations and networks will expand the scale and scope of their activities over the next 10 years?

B) (U) What is the likelihood that such groups will traffic in nuclear, biological or chemical weapons?

ANSWER A: (U) DIA will defer to our Law Enforcement Agencies to answer this question.

ANSWER B: (U) As is the case with Question A, DIA is not in a position to answer this question.

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

SSCI #2002-0857/C

February 21, 2002

The Honorable Robert Mueller
Director
Federal Bureau of Investigation
Washington, D.C. 20535

Dear Mr. Director:

We appreciate the testimony of Dale Watson, Executive Assistant Director for Counterterrorism and Counterintelligence at the FBI, for his participation in our February 6, 2002 hearing on the current and projected national security threats to the United States. His willingness to address this important issue in open session was appreciated and made an important contribution, not only to the work of our Committee, but to the American public's awareness of U.S. national security interests.

We are submitting the attached questions for the record to you. The unclassified responses to these questions will be an important part of our hearing transcript which we hope to release as expeditiously as possible. Accordingly, we would appreciate it if you would respond in writing to these questions no later than March 11, 2002.

If there are any questions, please have your staff contact Don Mitchell of our Committee staff at (202) 224-1700. We appreciate your cooperation in this matter.

Sincerely,

Bob Graham
Chairman

Richard C. Shelby
Vice Chairman

Enclosure as stated

QUESTIONS FOR-THE-RECORD

The Intelligence Community's Ability to Monitor Terrorist Activity

1) The Intelligence Community is America's early warning system against threats to American lives and property both here and overseas. What are the Intelligence Community's greatest strengths and deficiencies in monitoring terrorism? What lessons have you learned from September 11, 2001 to address any shortcomings? Do you all believe that you have sufficient resources to fight the war on terrorism?

Implementation of the USA Patriot Act

2) The law enforcement community was given significant new authorities to fight the war on terrorism by enactment of the USA Patriot Act. Please discuss how the Bureau has used these new authorities and assess how they have impacted the counterterrorism effort. What, if any, additional counterterrorism authorities are required? If so, why? How has the Bureau enhanced its intelligence sharing with the CIA, DOD, State and other components of the Intelligence Community? What is the nature and extent of your interaction with Tom Ridge, the head of the Homeland Security Office?

International Terrorist Activity in the U.S.

3) The U.S. has stepped up its investigation of al-Qa'ida cells in the U.S., and at least 1,000 arrests or detentions have been made in conjunction with the September 11, 2001 investigation. To what extent do you still see a pattern of activity and cooperation among terrorist and extremist groups here in the U.S. -- including al-Qa'ida? What trends do you see in the involvement of Hizballah, Hamas and other groups in terrorist incidents in the U.S.?

The Continuing Threat Posed by al-Qa'ida

4) What is the status of our efforts against suspected al-Qa'ida cells worldwide? How would you characterize the level of cooperation with the U.S. from foreign intelligence services and law enforcement agencies with the al-Qa'ida target? With respect to cooperation with foreign law enforcement agencies, are we hampered by any lack of legal authorities or agreements? How much information has the Intelligence Community obtained on al-Qa'ida from U.S. military operations in Afghanistan? How long will it take all this information to be translated and analyzed? Please characterize the nature and extent of this information. What, if

any, information have you obtained regarding possible future terrorist attacks or al-Qa'ida's possession of and ability to use weapons of mass destruction?

Working with the Coast Guard on Port Security

5) In the FY 02 Intelligence Authorization Act, the conferees designated the Coast Guard as part of the Intelligence Community. How do the Bureau and the Coast Guard coordinate on port security issues? How do you intend to enhance this relationship, particularly in the counterterrorism area?

Duration of the War on Terror

6) In his speech to the Joint Session of Congress last September 20, President Bush said of the war on terrorism that "...[i]t will not end until every terrorist group of global reach has been found, stopped and defeated." In your opinion, how long will it take to attain this objective?

The Adequacy of Air Safety

7) A number of measures have been taken in the wake of September 11, 2001 to enhance air safety. Have these measures been adequate to address the terrorist threat? If not, why not? Do you consider air safety to be as strong as it could or should be? What additional steps need to be taken to improve air safety?

Tracking and Freezing Terrorist Assets

8) A major area of U.S. focus has been tracking and freezing the finances of al-Qa'ida and other terrorist groups. What have we learned about the nature and extent of terrorist financing that we did not know prior to September 11, 2001? Where are our most important information gaps when it comes to terrorist financing?

The Threat of Cyberterrorism

9) The FBI has issued a nationwide alert to law enforcement agencies and the private sector to prepare for the possibility of attacks against critical infrastructure facilities. Do we have any information that al-Qa'ida had the interest or ability to conduct cyberterrorist operations against the U.S.? What terrorist groups are the likeliest to conduct such operations?

Nuclear Terrorism

10) What is the Bureau's assessment of the safety and security of the U.S. nuclear arsenal from both a counterintelligence and counterterrorism perspective? What are the shortcomings in this area?

Anthrax Attack Against the U.S. Senate

11) What is the status of the investigation into the individual or group responsible for sending anthrax to the Congress? Does the Bureau believe this is domestic or international terrorism? Why?

Trying Terrorists by Military Tribunals

12) On November 13, 2001, President Bush signed a Military Order pertaining to the detention, treatment and trial of certain non-citizens in the current war against terrorism. Please describe how the Intelligence Community is involved in this process, including the interrogation of prisoners.

New Translators for the War on Terrorism

13) What is the status of the FBI's efforts in new hiring of translators in the critical languages for the counterterrorism effort? How many applicants are being processed? Are the background investigations being expedited? When will the new translators be in place?

"Lessons Learned" from the Bureau's Handling of the Wen Ho Lee Case and the Hanssen Espionage Case

14) What has the Bureau learned from its handling of the Wen Ho Lee case and the Hanssen espionage case? How has the FBI changed its counterintelligence policies and procedures as a result of these cases?

U.S. Department of Justice

Office of Legislative Affairs

SSCI# 2002 - 3253

Washington, D.C. 20530

JUL 26 2002

The Honorable Bob Graham
Chairman
The Honorable Richard C. Shelby
Vice Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Chairman Graham and Vice Chairman Shelby:

This letter responds to your letter of February 21, 2002. In that letter, you posed questions to FBI executive assistant director Dale Watson, relating to his testimony before the Committee on February 6, 2002 on current and projected national security threats to the United States. We have enclosed responses to those questions. We apologize for the length of time our response has required. Please do not hesitate to call upon us if we may be of additional assistance.

One of the questions calls for classified information for a sufficient answer; that information will be provided in a separate classified response. The Office of Management and Budget has advised us that from the perspective of the Administration's program, there is no objection to submission of this letter.

Sincerely,

Daniel J. Bryant
Assistant Attorney General

Enclosure

QUESTIONS FOR THE RECORD

The Intelligence Community's Ability to Monitor Terrorist Activity

1) The Intelligence Community is America's early warning system against threats to American lives and property both here and overseas. What are the Intelligence Community's greatest strengths and deficiencies in monitoring terrorism? What lessons have you learned from September 11, 2001 to address any shortcomings? Do you believe that you have sufficient resources to fight the war on terrorism?

The FBI possesses a robust warning capability through the National Threat Warning System (NTWS). The FBI uses the NTWS to communicate threat warnings to 18,000 state and local law enforcement agencies and to 60 U.S. Government agencies and subcomponents. Threat information is also communicated to security directors in critical infrastructures and the U.S. commercial sector via the National Infrastructure Protection Center (NIPC) and the Awareness of National Security Issues and Response (ANSIR) systems, respectively. The FBI Counterterrorism Division coordinates the dissemination of threat warning information with the Office of Homeland Security. Additionally, the Bureau is now in the process of reviewing comments on the Homeland Security Advisory System that was recently launched by Presidential Directive and will provide a final version to the President in the next 90 days. This system will provide a warning capability to Federal, State and local agencies and the private and public sectors on the current threat condition across the U.S. or in specific geographies or sectors.

Practices continue to be refined in the aftermath of the September 11th terrorist attacks. However, one of the most important lessons learned is the critical nature of coordination and information-sharing. In 1996 the FBI established the FBI Counterterrorism Center, where representatives from more than 20 U.S. Government agencies currently work side-by-side on a daily basis with FBI Special Agents and analysts. This integrated approach allows for real-time information-sharing and analysis. In addition, the FBI is working closely with the Information Integration Program Office, located in the CIAO in the Commerce Department, the goal of which is to enhance information-sharing across Federal agencies.

In recent years, the FBI has enhanced coordination at the field and international levels. The FBI currently heads 47 Joint Terrorism Task Forces in communities across the country and has established Legal Attache (LEGAT) offices in 44 countries around the world.

The use of raw intelligence provided by the general intelligence community combined with investigative indicators provided by the law enforcement community can be critical in identifying world wide terrorist activity. The utilization of intelligence from overseas matched with ongoing domestic investigations may provide the critical connection necessary to identify potential terrorist activity. It is necessary that the FBI and the Intelligence Community work hand in hand to attempt to identify suspicious activity.

The evolution of the process has resulted in the joint analysis of information that has the potential to identify threatening activity either in the U.S. or against U.S. interests overseas. These "threads" of information, although not specific in nature, may ultimately prove critical when combined with other seemingly meaningless bits of information and/or investigative indicators as a result of investigations by the FBI.

Implementation of the USA Patriot Act

2) The law enforcement community was given significant new authorities to fight the war on terrorism by enactment of the USA Patriot Act. Please discuss how the Bureau has used these new authorities and assess how they have impacted the counterterrorism effort. What, if any, additional counterterrorism authorities are required? If so, why? How has the Bureau enhanced its intelligence sharing with the CIA, DOD, State and other components of the Intelligence Community? What is the nature and extent of your interaction with Tom Ridge, the head of the Homeland Security Office?

Before September 11, 2001, the FBI's focus as an institution was to investigate, arrest and prosecute. Today, that mission has been re-focused to concentrate on the prevention of future terrorist attacks against the United States and U.S. interests. The FBI is committed to be on the forefront of information sharing. In the past, the FBI did not, or was not authorized, to share intelligence or criminal information with other local, State, Federal or intelligence agencies. Recent legislation and a renewed commitment on the part of the Justice Department and the FBI has changed this.

The Patriot Act improved the FBI's ability to fulfill its CI mission in three significant ways. First, from an intelligence collection perspective, the centerpiece of the legislation was the amendment to the Foreign Intelligence Surveillance Act (FISA) that changed the showing required to obtain an order authorizing a FISA search or surveillance. Prior to this change in the law, FISA had been interpreted by most courts to require that the government establish that the "primary purpose" of a FISA surveillance (or search) was to obtain foreign intelligence information or to prevent acts of terrorism. Application of the "primary purpose doctrine" limited the government's ability to gather criminal information from a FISA surveillance or search to those instances where collection of foreign intelligence was the primary purpose of the surveillance or search. The Patriot Act changes the standard from "primary purpose" to "a significant purpose".

Additionally, the Patriot Act expressly permits intelligence officers using FISA to "consult" with law enforcement officers to "coordinate" intelligence and law enforcement efforts to "investigate or protect against" foreign attack, sabotage, international terrorism, or clandestine intelligence activities. The Act expressly provides that such coordination "shall not" preclude the government's certification of the requisite "significant" foreign intelligence purpose for conducting electronic surveillance or a physical search, and that it also "shall not" preclude the FISA Court from issuing an order authorizing electronic surveillance or a physical search. The

Attorney General has approved new intelligence sharing procedures that implement these statutory provisions and allow for increased coordination. The FISA Court recently issued an order accepting these procedures in part and purporting to modify them in part.

Third, the Patriot Act changed the legal standard required to obtain national security letters (NSLs) -- i.e., administrative subpoenas -- from "relevance" to an authorized foreign counterintelligence investigation and "specific and articulable facts giving reason to believe an individual or entity to whom the information pertains is a foreign power or agent of a foreign power" -- to simply one of "relevance" to an authorized foreign counterintelligence investigation. The Patriot Act also authorized the FBI to delegate authority to issue NSLs to designated Special Agents in Charge (SACs) in FBI field offices. These changes in law and policy have greatly facilitated the Bureau's ability to collect essential information quickly. Similar changes were made in the law with regard to pen register and trap and trace requests, which have provided the field with important tools needed to develop probable cause for FISA applications and criminal warrants.

At the present time, the Federal Bureau of Investigation does not perceive a need for additional authorities; however, we do not wish to foreclose the possibility of asking for additional legislative changes in the future as we continue to work with the new law.

The FBI has dramatically increased its sharing of information with the Intelligence Community since September 11, 2001. FBI Headquarters routinely sends teletypes containing threat and lead information to the Intelligence Community, including sensitive information derived from Foreign Intelligence Surveillance Act orders. The FBI sends its daily report on the PENTTBOMB investigation for Director Mueller to DCI Tenet. CIA, in turn, provides a daily briefing of its most sensitive information on terrorism for Director Mueller and Attorney General Ashcroft, in addition to transmitting its reporting and analysis on terrorism to the Bureau.

The FBI and CIA are closely cooperating on global counterterrorism issues. The FBI hosts CIA detailees, part of whose mission is to transmit intelligence back to the Agency. For its part, the Bureau has officers detailed to the CIA Counterterrorism Center performing a similar function. In addition, FBI Field Offices share terrorist-related intelligence with the CIA to allow the CIA to disseminate the information to the rest of the Community.

Recognizing that current systems are not adequate for seamless cooperation with the Intelligence Community, the FBI has several initiatives to improve connectivity with the Intelligence Community. The FBI and CIA are developing ways using current technologies to transmit FISA-derived information to the Community more effectively.

The FBI is working with Governor Ridge and the Office of Homeland Security as the Office continues to work with the law enforcement and intelligence communities. The FBI fully supports all the information sharing initiatives being driven by the Office of Homeland Security and is attending and participating in all the Principals Committee meetings.

International Terrorist Activity in the U.S.

3) The U.S. has stepped up it investigation of Al Qaeda cells in the U.S., and at least 1,000 arrests or detentions have been made in conjunction with the September 11, 2001 investigation. To what extent do you see a pattern of activity and cooperation among terrorist and extremist groups here in the U.S. - including Al Qaeda? What trends do you see in the involvement of Hizballah, Hamas and other groups in terrorist incidents in the U.S.?

The September 11 attacks are indicative of the serious threat posed by terrorists operating in support of international *jihad*. While the FBI has achieved significant success in the identification and neutralization of a number of these US-based terrorists, since September 11 the potential for future acts of terrorism on US soil continues. As evidenced over the last several months, this terrorist network has a proven propensity for violence, as well as an infrastructure in-place worldwide that is capable of obtaining necessary logistical and financial support for terrorist operations.

With respect to your inquiry related to terrorist trends by groups such as Hizballah, HAMAS, and other groups in the United States, FBI investigations conducted, thus far, indicate the continued presence of suspected extremists of various groups who could be called upon to engage in or support acts of international terrorism. Hizballah has never conducted a terrorist attack in the United States. FBI investigations to date continue to indicate that many Hizballah subjects based in the United States have the capability to attempt terrorist attacks here should this be a desired objective of the group. Although, Hizballah subjects have reportedly been tasked with surveillance of potential targets in the United States, such taskings to date appear to have been intended as a vetting tool to establish the individual's loyalty to Hizballah and Iran. Suspected Hizballah members in the United States are believed to be primarily engaged in fund raising on behalf of the group's activities overseas. To date, it is believed that this extensive fund raising activity itself acts as a disincentive for operational terrorist activity in the United States. Hizballah members in the U.S. have also engaged in criminal activities, such as narcotics trafficking and cigarette smuggling, to raise funds for the group; the FBI is pursuing criminal investigations in those instances.

As related to your committee in the past, the FBI remains steadfast in its dedication to counter threats to our national security. In addition to the numerous counterterrorism investigations ongoing, the FBI continues to enhance our cooperative efforts with various other members of the US and foreign law enforcement and intelligence communities. These cooperative efforts have resulted in the identification and neutralization of extremists operating worldwide who pose potential terrorist threats, particularly inside the United States. This effort will continue.

The Continuing Threat Posed by Al Qaeda

4) What is the status of our efforts against suspected Al Qaeda cells worldwide? How would you characterize the level of cooperation with the U.S. from foreign intelligence services and law enforcement agencies with the Al Qaeda target? With respect to cooperation with foreign law enforcement agencies, are we hampered by any lack of legal authorities or agreements? How much information has the Intelligence Community obtained on Al Qaeda from U.S. military operations in Afghanistan? How long will it take all this information to be translated and analyzed? Please characterize the nature and extent of this information. What, if any, information have you obtained regarding possible future terrorist attacks or Al Qaeda's possession of and ability to use weapons of mass destruction?

Our efforts against suspected Al-Qaeda cells worldwide have increased dramatically since September 11. We continue to work very closely with our international partners, both law enforcement and intelligence agencies, in identifying and eradicating Al-Qaeda members and cells wherever they may be found.

The level of cooperation with foreign law enforcement agencies against the Al-Qaeda target has been unprecedented. Requests for information and action are being handled much more quickly by the vast majority of our international partners. Some who were hesitant to work with us prior to September 11 are much more agreeable now. We are not hampered by any lack of legal authority or agreements thus far.

The Intelligence Community has gleaned a large amount of information on Al-Qaeda from U.S. military operations in Afghanistan. The document exploitation project has yielded tremendous results in identifying potentially dangerous individuals previously unknown. The interviews of detainees have also brought information to light, though not at a terribly fast pace. We have found that a good number of high-level detainees are very practiced at the art of deception and disinformation, and this takes time to break through.

The translation of the information continues around the clock. However, it is not possible to gauge how much longer it might take with precise accuracy. We are not able to characterize the nature and extent of this information in an unclassified format at this time. The prime example of information obtained regarding possible future terrorist attacks of Al-Qaeda to date is the discovery of the "suicide martyr" video. This information was released worldwide and all possible stops have been placed with all agencies in order to prevent these individuals from entering the U.S. Our allies around the world are also looking for these individuals.

Working with the Coast Guard on Port Security

5) In the FY 02 Intelligence Authorization Act, the conferees designated the Coast Guard as part of the Intelligence Community. How do the Bureau and the Coast Guard

coordinate on port security issues? How do you intend to enhance this relationship, particularly in the counterterrorism area?

The FBI Counterterrorism Division, Special Events Management Unit (SEMU) coordinates with the U.S. Coast Guard (USCG) in two specific program areas: the Special Events Management (SEM) Program and the Joint Terrorism Task Force (JTTF) Program, for which the SEMU has administrative oversight.

The SEM Program coordinates with the USCG on port security issues in relation to the planning and operations phases of major special events. This is done both from an FBIHQ standpoint and also at a local working group level. For intelligence dissemination and coordination, a representative of the U.S. Department of Transportation has been detailed to the SEMU on a part-time basis. This individual is responsible for coordination between the FBI and entities of the DOT to include the USCG. This is of particular importance during the planning and operational phases of major events. On a local level, the USCG is an active participant on planning and intelligence committees associated with major events where port security and water access to event venues are of concern. For example, the USCG played a significant role in planning and execution of the OPSAIL 2000 tall ships race along the east coast of the United States, the 2002 Superbowl in New Orleans, and many events in Washington, D.C., where water access to the event was of primary concern.

The SEMU is also responsible for oversight of the Joint Terrorism Task Force (JTTF) Program. Greater interaction and cooperation between FBI Special Agents and their Federal, state, and local counterparts exist due to the establishment of JTTFs in major cities across the United States. JTTFs have led to a more focused, integrated, and resource conscious approach to the investigation of terrorist groups and/or individuals. The USCG is a participant on many of the JTTFs located in port cities and is considered to be a tremendous asset, particularly in matters where port security is of concern. Currently, there are 47 approved JTTFs and it is planned that a JTTF will be established in all 56 FBI Divisions by the end of FY 2002. The FBI will continue to encourage USCG participation in the JTTF Program. USCG participation in the JTTF Program will continue to enhance investigations, intelligence flow, and coordination of investigative matters involving port security.

Duration of the War on Terrorism

6) In his speech to the Joint Session of Congress last September 20, President Bush said of the war on terrorism "...[i]t will not end until every terrorist group of global reach has been found, stopped and defeated." In your opinion, how long will it take to attain this objective?

At this point in time, the Counterterrorism Division is not in a position to answer this question in any meaningful way. The war on terrorism is the highest priority for the FBI and the focus of the Counterterrorism Division's mission. The terrorist groups that are in existence

today, such as Al Qaeda, will morph into something different in the days, weeks, months and years to come as the war on terrorism continues. The FBI is fully committed to ensuring that the American people, whether in the U.S. or abroad, are protected from future terrorist attacks.

The Adequacy of Air Safety

7) A number of measures have been taken in the wake of September 11, 2001 to enhance air safety. Have these measures been adequate to address the terrorist threat? If not, why not? Do you consider air safety to be as strong as it could or should be? What additional steps need to be taken to improve air safety?

Measures taken thus far by the FBI to enhance aviation security include: 1) at least one FBI Special Agent has been designated to act as liaison with each of the 429 FAA/TSA security-regulated airports; 2) full-time FBI Special Agent presence at major airports has been doubled from 7 airports to 13 airports and additional personnel have been assigned to airports with an existing FBI presence; 3) dissemination to FBI field offices of FAA aviation security information has been expanded; and 4) conversely, FBI threat information provided to the FAA for inclusion in security directives and watch lists also has been expanded. The FBI considers these measures adequate in addressing the terrorist threat to aviation. The FBI defers to the FAA/TSA for issues relative to improving air safety.

Tracking and Freezing Terrorist Assets

8) A major area of U.S. focus has been tracking and freezing the finances of Al Qaeda and other terrorist groups. What have we learned about the nature and extent of terrorist financing that we did not know prior to September 11, 2001? Where are our most important information gaps when it comes to terrorist financing?

Most of the myriad methods of terrorist financing were known prior to September 11, 2001, but the extent to which all were being utilized was probably not fully realized. Terrorist financing methods range from the highly sophisticated to the most basic. There is virtually no financing method that has not at some level been utilized by terrorists and terrorist groups. Traditionally, their efforts have been aided considerably by the use of correspondent bank accounts, private bank accounts, offshore shell banks, Hawalas, bulk cash smuggling, identity theft, credit card fraud, and other criminal activities such as illegal drug trafficking. We are optimistic that provisions of the USA Patriot Act will significantly erode the effectiveness of many of these methods. These new tools will enable law enforcement to focus more intensely on some methods of terrorism financing than was possible in the past.

The use of charitable organizations and Hawalas are examples. Prior to September 11, the FBI was restricted in opening investigations involving potential terrorist financing by charitable organizations unless there was strong evidence that the charitable organization provided terrorist

financing or acted as a conduit. In addition, investigations involving mosques and other religious institutions have always been very sensitive and prior to September 11, FBI Field Offices were reluctant to even attempt an investigation absent clear and convincing evidence existed concerning ties to terrorist financing. This is a much more restrictive standard than would normally be required to initiate an investigation. One of the key problems in investigating terrorist financing involving charitable organizations and Hawalas is that the source of the funding is often legitimate. It is often difficult to tie certain types of activities or movement of funds directly to terrorism. The line is often blurred. The persons donating money to a charitable organization oftentimes believe the money is to be used solely for charitable or humanitarian purposes, and usually at least a portion of the money will go for that purpose. However, there are a number of charitable organizations which siphon off percentages of those funds either directly to terrorist groups or to provide logistical support to terrorists. Similarly, persons may utilize a Hawala to transfer legitimate money to a relative in another country for legitimate purposes. However, the Hawala dealers may siphon off percentages of the money for terrorist purposes. Of course, Hawalas are also used to transfer funds from criminal activity to terrorist organizations. Legislation in this country, and increasingly in others as well, has made it clear that it is illegal to knowingly provide any form of financial support to a group designated as a foreign terrorist organization. Fund-raising on the part of terrorist groups which on the surface appear to be efforts to "help the poor" or fund-raising for charitable, humanitarian or other legitimate purposes actually fall squarely within the realm of logistical support for terrorist activity.

Methods of terrorist financing are usually intended to avoid detection by operating in a manner that does not flag attention to the transactions/activity. They often rely upon large numbers of small, informal transactions (such as through Hawalas) rather than larger, more formal transactions (e.g., large bank wire transfers). With the formation of the Terrorism Financial Review group (TFRG), the FBI can more effectively target this type of activity than we could prior to September 11. Through a combination of increased focus by financial investigators, development of financial databases, data mining, closer liaison with the financial services sector, and increased international cooperation in financial matters, many more terrorist financing methods will raise red flags than would have previously.

Probably the most important information gap is human intelligence. Human intelligence is critical to fully understanding terrorist financing and terrorism in general. It is extremely difficult to infiltrate terrorist groups, especially at the level at which terrorist financial leaders operate. Without this capability, law enforcement must rely upon other tools and methods. This requires ever more sophisticated predictive/pattern analysis tools such as those being developed by the TFRG. Fortunately, the level of international cooperation and information sharing since September 11 has been extraordinary and will continue to pay important dividends in investigating terrorist financing methods.

The Threat of Cyberterrorism

9) The FBI has issued a nationwide alert to law enforcement agencies and the private sector to prepare for the possibility of attacks against critical infrastructure facilities. Do we have any information that Al Qaeda had the interest or ability to conduct cyberterrorist operations against the U.S.? What terrorist groups are the likeliest to conduct such operations?

The FBI's response to the Committee would be law enforcement sensitive and cannot be reproduced in a public forum. This question will be addressed in the classified annex to these responses.

Nuclear Terrorism

10) What is the Bureau's assessment of the safety and security of the U.S. nuclear arsenal from both a counterintelligence and counterterrorism perspective? What are the shortcomings in this area?

The United States places the highest priority on maintaining the security of nuclear weapons. This is accomplished by providing specially trained security forces at all locations where nuclear weapons exist, unique physical security safeguards, stringent personnel screening measures and rigorous exercise programs. While the United States has never experienced a situation where unauthorized individuals have gained possession of a nuclear weapon, the rising threat of terrorism, both domestic and international, mandates taking every precaution necessary to ensure the security of nuclear weapons. Since the events of September 11, all U.S. nuclear facilities have increased security countermeasures and have greatly heightened their awareness regarding any suspicious activity which could indicate a threat to the facility and its operations.

The U.S. nuclear weapons complex involves facilities under the purview of both the Department of Energy (DOE) and the Department of Defense (DOD). These facilities include the DOE nuclear weapons design laboratories, DOE Office of Transportation Safeguards (OTS) which is charged with nuclear weapons transport, DOE's facilities which are charged with maintaining the reliability of the nuclear stockpile, and the DOD facilities where nuclear weapons are stored and actively deployed.

From a counterintelligence perspective, the biggest concern is the access to nuclear weapon design information. While this information is highly classified, the threat remains that this information may be accessed by unauthorized individuals or provided to unauthorized individuals by knowledgeable insiders. The FBI works aggressively with DOE in investigating all allegations regarding possible compromise of critical information. DOE's Office of Counterintelligence also maintains a close working relationship with components of the FBI's Counterintelligence Division which provides program oversight in the management of the FBI's

Foreign Counterintelligence (FCI) investigations. The FBI also coordinates closely with DOE in monitoring the visits of foreign scientists to U.S. nuclear weapon laboratories.

From a counterterrorism perspective, the FBI has worked closely with both DOD and DOE in ensuring that critical facilities remain as safe and secure as possible from terrorist activity. Even prior to the events of September 11, the FBI had instituted a "Nuclear Site Security Program" which was designed to improve liaison between FBI Field Offices and critical nuclear facilities in their territories. The program's goals are to improve communication between the FBI and security personnel at these facilities in order to facilitate information sharing regarding threats (both actual and potential) and to effectively respond to incidents at these facilities. The program has resulted in increased information sharing as well as the awareness of the necessity to maintain these close relationships.

The FBI has also placed an increased emphasis on liaison with the intelligence community in order to provide timely indications and warnings of potential or actual threats to critical nuclear facilities. This has proven to be a workable notification process as a result of the already established liaison between local FBI Field Offices and nuclear facilities. An additional venue for rapid information sharing has been through the mechanism of the FBI's Joint Terrorism Task Forces (JTTFs) which have been approved in 47 FBI Field Offices. Representatives from the local FBI Field Office as well as other Federal agencies and state and local law enforcement are part of these JTTFs.

From the perspective of nuclear weapons in transit, the FBI has also worked closely with DOE OTS in setting up timely notification protocols to ensure that the FBI is quickly notified should there be a threat or actual activity directed against nuclear weapons shipments. These protocols are being coordinated between FBIHQ, DOE OTS (which is headquartered in Albuquerque, NM) and the FBI Albuquerque Field Office. DOE already has in place stringent security measures that have been effective in ensuring the safe transport of these weapons. These additional notification protocols ensure prompt FBI response to actual activity directed against these shipments.

While the U.S. continues to place the highest emphasis on the safety and security of its nuclear arsenal and the numerous security countermeasures currently in place have proven to be effective, there nevertheless remain areas for continued improvement. The threat of terrorism has proven to be credible, specifically in the light of recent events. The U.S. must not only provide effective procedures to protect its nuclear arsenal, but also maintain a robust capability to regain custody of nuclear weapons should they fall in the hands of unauthorized individuals.

Anthrax Attack Against the U.S. Senate

11) What is the status of the investigation into the individual or group responsible for sending anthrax to the Congress? Does the Bureau believe this is domestic or international terrorism? Why?

The FBI continues to work with a number of other Federal, State, and local agencies to identify the person(s) responsible for sending the anthrax laced letters to the locations in New York, Florida, and the Senate Office Buildings in Washington, D.C.

Trying Terrorists by Military Tribunals

12) On November 13, 2001, President Bush signed a Military Order pertaining to the detention, treatment and trial of certain non-citizens in the current war against terrorism. Please describe how the Intelligence Community is involved in this process, including the interrogation of prisoners.

The FBI is involved in the military commission process through several means. All the documents gleaned from the Document Exploitation project are being made available to those who will be responsible for investigating and prosecuting potential subjects of the military commission. Historical records concerning Al-Qaeda and its operatives will be made available to the military commission as needed. Joint interrogations of all detainees in U.S. custody are being conducted with the FBI and the military law enforcement components responsible for conducting the military commission investigations. Where necessary, the FBI intends to make its agents available for testimony in a military commission.

New Translators for the War on Terrorism

13) What is the status of the FBI's efforts in new hiring of translators in the critical languages for the counterterrorism effort? How many applicants are being processed? Are the background investigations being expedited? When will the new translators be in place?

The FBI's critical need for additional translation support, particularly among Middle Eastern languages, received national attention following statements made by Director Mueller during a televised news conference on September 16, 2001. During this news conference, Director Mueller asked for assistance from United States citizens proficient in English and Arabic, Pashto, or Farsi, to assist in the investigation into the September 11 terrorist attacks.

Even prior to September 11, 2001, the FBI was aggressively processing a high number of linguist candidates to address escalating translation demands with a particular focus on those candidates with a proficiency in Middle Eastern languages. To that point, the FBI was meeting

with a modest level of success. On September 11, 2001, numerous linguist applicants were undergoing processing, representing a spectrum of 42 foreign languages.

The events of September 11, 2001 and the Director's public announcement on September 17, 2001 resulted in considerable interest in the FBI's Contract Linguist position. Since September 17, 2001, the FBI has received more than 20,000 applications for its Contract Linguist position. On the basis of careful workforce planning, the FBI has been able to selectively screen and expedite the processing of these applications in order to best meet current and projected FBI needs.[1] In short, the FBI expects to meet its current objectives in the priority languages over the next few months, and is still actively screening applicants in other languages where there are still not sufficient candidates to meet current hiring objectives.

"Lessons Learned" from the Bureau's Handling of the Wen Ho Lee Case and the Hanssen Espionage Case

14) What has the Bureau learned from its handling of the Wen Ho Lee case and the Hanssen espionage case? How has the FBI changed its counterintelligence policies and procedures as a result of these cases?

In 1999, the Department of Justice (DOJ) undertook a comprehensive review of the investigation of Wen Ho Lee. This review resulted in the recommendation by the DOJ of specific actions that the FBI should undertake during the conduct of espionage and counterintelligence investigations. Those recommendations included a directive by DOJ for the FBI's National Security Division to work more closely with the DOJ, Internal Security Section (ISS). DOJ ISS is responsible for the prosecution of all U.S. government espionage matters. In addition, in January, 2001, the FBI established a National Security Division Unit which is responsible for the investigation of the PRC's attempts to acquire U.S. nuclear and missile technology. Since this unit's inception, numerous investigations have been initiated regarding these matters.

While awaiting the results of the Webster Commission's investigation, the FBI has established a new Security Division, led by an Assistant Director, who is a career security specialist from the CIA. The Security Division has instituted new security policy and practices, and anticipates further enhancements as resources are allocated. The mission of the Security Division is to ensure a safe and secure work environment for FBI employees and others with access to FBI facilities, and to prevent the compromise of national security and FBI information.

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[1]The FBI's workforce planning in this area was recently the subject of significant praise by the General Accounting Office within its January 2002 report to Congress, titled, "Foreign Languages, Human Capital Approach Needed to Correct Staffing and Proficiency Shortfalls."

Directly addressing espionage investigations, the Director has approved a reorganization of the Counterintelligence Division (formerly known as the National Security Division), establishing within it a Counter Espionage Section. The purpose of the new Section is to ensure consistent and effective handling of espionage investigations, regardless of the country targeting the United States. Experience and expertise will be more effectively developed and applied at FBI Headquarters, and investigations will be more tightly supervised from FBI Headquarters. The Section will establish close coordination with the Security Division. The Section will also have responsibility for training field investigators and supervisors in espionage law and investigative techniques.