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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 EIGHTH CONGRESS

FIRST SESSION

CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE UNITED STATES

FEBRUARY 11, 2003

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HEARING ON THE WORLDWIDE THREAT

TUESDAY, FEBRUARY 11, 2003

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

The Committee met, pursuant to notice, at 10:02 a.m., in room SD–106, Dirksen Senate Office Building, the Honorable Pat Roberts, Chairman of the Committee, presiding.

Committee members present: Senators Roberts, DeWine, Bond, Lott, Snowe, Chambliss, Warner, Rockefeller, Levin, Feinstein, Wyden, Edwards, and Mikulski.

Chairman ROBERTS. The committee will come to order. Ladies and gentlemen and my colleagues, it's been a longstanding tradition for the Senate Select Committee on Intelligence to begin its annual oversight of the U.S. intelligence community by conducting a public hearing to present to our members and to the American public the intelligence community's assessment of the current and projected national security threats to the United States and our interests abroad.

Appearing before the Committee today are the Director of Central Intelligence, Mr. George Tenet; the Director of the Federal Bureau of Investigation, Mr. Bob Mueller; the Director of the Defense Intelligence Agency, Admiral Jake Jacoby; and the Assistant Secretary of State for Intelligence and Research, Mr. Carl Ford.

Now, while the United States faces a staggering array of new and growing threats around the world, unfortunately none of the traditional threats commonly discussed prior to September 11 have abated. We still face very significant long-term potential threats from emerging powers in Asia that continue to build increasingly powerful military forces with the potential to threaten their neighbors.

International drug smuggling rings linked to the guerrilla armies and the proliferators of ballistic missiles and advanced conventional weapons and unscrupulous international arms merchants who are willing to sell almost anything to anyone are but a few of the continuing challenges that we face worldwide.

We must also confront the acute threats from what is less traditional and often referred to as "asymmetrical." As we are all painfully aware, our country faces a great and continuing threat from international terrorism, especially the group of mass murderers of the al-Qa'ida network.

As we will hear from our witnesses today, while our intelligence agencies and our military forces have won some very tremendous and important victories against al-Qa'ida during the last year and

a half, there is much, much left to do. As we have all recently heard, plans to attack us and our interests abroad are continuously in motion. We are on high alert.

The threats that are related to the proliferation of nuclear and chemical and biological weapons, in particular in Iraq and North Korea, are not really new threats. Serious observers have seen these crises looming for years, and increasing in direct proportion to our unwillingness and that of our allies to confront them more forthrightly. But today these threats are especially severe, as Secretary of State Powell made very clear in his speech last week before the U.N. Security Council.

That is why today's hearing is so important and why I am glad that my colleagues and our distinguished witnesses have been able to come here today for a frank discussion of these threats in front of the American people. Given the need to protect our intelligence sources and methods, there will be much that we cannot discuss in public. But there is still much that we can and we will. There will be a classified hearing this afternoon starting at 3:00.

This past year has not been an easy one for the U.S. intelligence community, whose job it is to provide our leaders what we call an adequate warning of the threats that face our country. And the community has come under criticism—a lot of brickbats from the Congress and others in regard to its "inability to provide specific warning prior to September 11th."

As I have emphasized repeatedly since the attack on the destroyer USS *Cole* in October of 2000, our intelligence agencies have too often failed to provide the timely, the cogent and the comprehensive analysis that our national security requires.

As Chairman of this Committee, I intend to conduct vigorous oversight of the intelligence community to ensure that it provides our leaders with the quality of intelligence they need to ensure the security of the American people whether at home or abroad. We intend to look at structural reform; we intend to assist the IC community with regard to shortfalls that now exist; and we intend to take a very hard look at the immediate and very serious threats that confront our nation today; and we intend to work closely with the independent commission that now is taking a look at the tragedy of 9/11.

But I also want to make clear that our intelligence agencies have for the most part—for the most part—reacted to the crises of September 11 in ways that should make all Americans proud. Whatever problems may have existed before, the community today is a very different place than it was before the attacks upon the Pentagon and the World Trade Center.

In my view the community today is taking important strides to identify, to disrupt and to dismantle terrorist cells at home and abroad. This is ongoing. Additionally, our individual agencies are reforming their internal processes in order to make it possible for continued success in the future. And they are doing this in ways that I would not have thought possible only two years ago.

Now, necessity, they say, is the mother of invention. And although their record of performance since September 11 has not been perfect—and it's never perfect in the intelligence commu-

nity—it is a very significant and impressive one. Despite the critics—and there are many—we are a safer country.

I believe it is our job in Congress to continue to press for improvements in how our intelligence community operates, but to do so while bearing in mind the vital missions that these agencies must fulfill day in, day out, every day of the year, across the country and around the world. As the possibility of war with Iraq grows nearer, as petty dictators flaunt their nuclear weapons programs in East Asia, and as other threats continue and develop around the world, we need our intelligence services more today than ever before. With that in mind, it is our responsibility to give these agencies and their personnel our support, our encouragement and, most of all, the resources to perform their demanding and at times dangerous missions. Their lives are on the line.

As the new Chairman of this Committee, I have joined my colleague, Vice Chairman Rockefeller, the distinguished Senator from West Virginia, in beginning a series of visits to all of our major intelligence agencies. We are having what I call meaningful dialogue.

I have not visited every agency yet, but I will. There are 13. The Vice Chairman and I feel it is important to meet the people who are fighting this fight, who are collecting this information, who are analyzing it, and who are running the institutions that make all of this possible.

So far I have been, along with Senator Rockefeller and Senator DeWine, very impressed in these visits by the quality and comprehensiveness of the work that our intelligence services are doing. If it were possible to describe all of this work in public, the man or woman on the street, whether in Dodge City, Kansas, my hometown, or Charleston, West Virginia, or in Washington, D.C. would be thoroughly impressed. But the men and women who do this work must labor in secret, and it is only rarely, as in Secretary Powell's speech last week, that the world gets a chance to see the products of their labors with anything approaching the detailed appreciation that they deserve. Secretary Powell revealed just the tip of our intelligence iceberg.

I know of two individuals here today to whom I would like to extend appreciation for their intelligence work. They are on the professional staff of this Committee. Mr. Tom Corcoran—and Tom, would you stand—is an intelligence officer in the Naval Reserve. He was mobilized soon after September 11, spent the next year doing very sensitive and valuable work for his country. Now he is back on the staff and sharing his knowledge with his colleagues and the members of this Committee. Thank you for your service, Tom.

I would also like to thank another professional staff member, Mr. Matt Pollard—Matt, would you please stand? Matt is an intelligence officer in the Army reserve who like many others has just received his mobilization orders. He departs next week for duty at a classified location. Matt, I think it's a safe bet you're not going to go to Fort Riley, Kansas. I wish you were. Matt, you keep your head down, come back to us sooner rather than later. Your expertise will be missed. And good luck.

Ladies and gentlemen, our hearing today will enable the public to learn more about the products which the personnel in our intel-

ligence community, like Matt Pollard and Tom Corcoran, are producing. We will hear from the heads of our intelligence agencies about what their analysis has identified as being the most important threats our country faces. I hope that their testimony will also provide the public with some perspective upon how their intelligence agencies are adapting to our new challenges and threats.

I look forward to the testimony of our distinguished witnesses. I welcome you all to our first open hearing of the 108th Congress. I now turn to the Committee's very distinguished Vice Chairman, Senator Rockefeller, for any remarks that he would like to make.

Vice Chairman ROCKEFELLER. Thank you, Mr. Chairman. And I congratulate you and welcome all new members of the committee, our witnesses, the press and the public, because this is not an ordinary occurrence but an extremely important one.

In the '90s America seemed to be in an unprecedented period of success, the stock market soared, and the possibility of democracy spreading around the world seemed to be almost unstoppable. The Intelligence Committee's annual threat hearings during that period were, I suspect, not listened to closely enough and did not get the attention they deserved. That obviously will not be the case today.

In recent weeks we have seen the country move closer to war with Iraq, North Korea taking steps toward resuming the production of nuclear weapons, increased threats by al-Qa'ida in dimensions that we can only imagine, and, meanwhile, poverty and desperation, a subject which I want to discuss a little bit this morning, continue to spread in most parts of the world. Polling data shows increased hostility to the U.S. in many regions, especially in the Middle East. Europe seems to be splitting. NATO is in at least some form of public relations disaster if not deeper than that.

So the American people obviously have to look to you. You are not policymakers in the classic sense, but you create policy by the excellence of your intelligence and the work that you do—I am talking about our witnesses.

Given the many threats that we are faced with from North Korea to al-Qa'ida, to Iranian support for terrorism—and the list goes on endlessly—we clearly need to understand why Iraq has risen to prominence to the point where we are contemplating an invasion and a longer presence there to help rehabilitate the country.

With that in mind, there are four questions that I would pose, and you can answer if you choose: What is the purpose of Iraq's WMD programs? That would be the first one. Are they intended first and foremost to try to secure the regime's survival and deter attacks from the United States and from other countries? Or does the evidence suggest that Saddam intends to become a supplier of weapons of mass destruction to terrorist organizations, even if he has not been in the past? And, on that subject, he has not in the past generally been a supplier. So what reason do we have to believe that the past is not prologue and that his habits may change? What evidence is there, to the extent that you can talk about that?

Secondly, many observers of the Middle East, including many friends and allies, believe that the administration's fears regarding terrorism, WMD, weapons of mass destruction, and Iraq will become a self-fulfilling prophecy if the United States invades Iraq. Clearly, once an invasion begins Saddam will have nothing to lose.

Moreover, many of our allies fear that an invasion of Iraq, especially one which proceeds without explicit U.N. authorization, if that's the way it turns out, will further radicalize and inflame the Muslim community, swelling the ranks, and therefore the recruiting grounds, for terrorist groups for years and years to come.

In that context, some analysts suspect that Usama bin Ladin is eagerly anticipating a U.S. invasion of Iraq. In short, do you believe a U.S. invasion of Iraq will in fact increase, in spite of testimony which has already been given, the terrorist threat to the United States and the nuances of that?

Third, as you know, a serious proposal has recently been advanced that appears to offer an alternative—alternative passive inspections, outright inspections, sort of a little bit more militarized and intense inspections by some of our NATO allies. And that involves U.N. authorization for much expanded inspection to compel Iraq to comply with U.N. Resolution 1441. What is your assessment of this compromise, if you feel you are in a position to give that? Could an expanded force succeed in disarming or causing regime change prior to a war? I'm skeptical myself, but that doesn't matter. I'm interested in what you think; you're the professionals. If you have not performed an assessment of this, then I think the committee would be interested in hearing nevertheless what your thoughts would be in written form.

Finally, we need your best assessment of the costs and duration and risks associated with American presence in Iraq, should there be a war, after the war. I think we will agree that it doesn't make a lot of sense to invade Iraq and then walk away from it, if we are not willing to undertake the costly and painstaking work required to help rebuild the country and put it on a path to a better future. Seven years and billions of dollars later, we still have troops in Bosnia. Our commitment continues to exist and even expand in Kosovo. Our financial commitment to Afghanistan is expanding, and there is no end in sight to our military presence. In sum, we hope that you can help us to understand the likely cost and duration and any other consequences of the commitment we would need to take in Iraq should we invade Iraq.

I thank you for appearing. I thank you for your service. And to you, Mr. Tenet, you have my profound and all of our American people's profound sympathies for the duties that you and John McLaughlin will do this afternoon in attending the funeral service of one of your members.

Thank you, Mr. Chairman.

Chairman ROBERTS. I thank the distinguished Senator from West Virginia and the Vice Chairman.

We will now go to the witnesses in the following order: the DCI, George Tenet; the Director of the FBI, Robert Mueller; Admiral Jacoby, who is the head of the DIA; and Assistant Secretary Ford.

Gentlemen, I feel compelled to say that most Senators can read. All staff can read. Staff can then read to Senators and they, for the most part, can understand. Please feel free to read each and every word of your statement. Let me emphasize that each and every word will be made part of the record. If you so choose to summarize in your own words so eloquently as you have done in the past, to make your statement somewhat shorter, that would be allowed.

Please proceed, George.
[The prepared statement of Director Tenet follows:]

SSCI# 2003 - 0773

10 February 2003

DCI's Worldwide Threat Briefing

The Worldwide Threat in 2003: Evolving Dangers in a Complex World

Mr. Chairman, last year—in the wake of the September 11 attack on our country—I focused my remarks on the clear and present danger posed by terrorists who seek to destroy who we are and what we stand for. The national security environment that exists today is significantly more complex than that of a year ago.

- I can tell you that the threat from al-Qa'ida remains, even though we have made important strides in the war against terrorism.

- Secretary of State Powell clearly outlined last week the continuing threats posed by Iraq's weapons of mass destruction, its efforts to deceive UN inspectors, and the safehaven that Baghdad has allowed for terrorists in Iraq.

- North Korea's recent admission that it has a highly enriched uranium program, intends to end the freeze on its plutonium production facilities, and has stated its intention to withdraw from the Nonproliferation Treaty raised serious new challenges for the region and the world.

At the same time we cannot lose sight of those national security challenges that, while not occupying space on the front pages, demand a constant level of scrutiny.

- Challenges such as the world's vast stretches of ungoverned areas—lawless zones, veritable "no man's lands" like some areas along the Afghan-Pakistani border—where extremist movements find shelter and can win the breathing space to grow.

- Challenges such as the numbers of societies and peoples excluded from the benefits of an expanding global economy, where the daily lot is hunger, disease, and displacement—and that produce large populations of disaffected youth who are prime recruits for our extremist foes.

TERRORISM

Mr. Chairman, as you know, the United States Government last week raised the terrorist threat level. We did so because of threat reporting from multiple sources with strong al-Qa'ida ties.

The information we have points to plots aimed at targets on two fronts—in the United States and on the Arabian Peninsula. It points to plots timed to occur as early as the end of the Hajj, which occurs late this week. And it points to plots that could include the use of a radiological dispersion device as well as poisons and chemicals.

The intelligence is not idle chatter on the part of terrorists and their associates. It is the most specific we have seen, and it is consistent with both our knowledge of al-Qa'ida doctrine and our knowledge of plots this network—and particularly its senior leadership—has been working on for years.

The Intelligence Community is working directly, and in real time, with friendly services overseas and with our law enforcement colleagues here at home to disrupt and capture specific individuals who may be part of this plot.

Our information and knowledge is the result of important strides we have made since September 11th to enhance our counterterrorism capabilities and to share with our law enforcement colleagues—and they with us—the results of disciplined operations, collection, and analysis of events inside the United States and overseas.

Raising the threat level is important to our being as disruptive as possible. The enhanced security that results from a higher threat level can buy us more time to operate against the individuals who are plotting to do us harm. And heightened vigilance generates additional information and leads.

This latest reporting underscores the threat that the al-Qa'ida network continues to pose to the United States. The network is extensive and adaptable. It will take years of determined effort to unravel this and other terrorist networks and stamp them out.

Mr. Chairman, the Intelligence and Law Enforcement Communities aggressively continue to prosecute the war on terrorism, and we are having success on many fronts. More than one third of the top al-Qa'ida leadership identified before the war has been killed or captured, including:

- The operations chief for the Persian Gulf area, who planned the bombing of the USS Cole.
- A key planner who was a Muhammad Atta confidant and a conspirator in the 9/11 attacks.
- A major al-Qa'ida leader in Yemen and other key operatives and facilitators in the Gulf area and other regions, including South Asia and Southeast Asia.

The number of rounded-up al-Qa'ida detainees has now grown to over 3000—up from 1000 or so when I testified last year—and the number of countries involved in these captures has almost doubled to more than 100.

- Not everyone arrested was a terrorist. Some have been released. But the worldwide rousting of al Qa'ida has definitely disrupted its operations. And

we've obtained a trove of information we're using to prosecute the hunt still further.

The coalition against international terrorism is stronger, and we are reaping the benefits of unprecedented international cooperation. In particular, Muslim governments today better understand the threat al-Qa'ida poses to them and day by day have been increasing their support.

- Ever since Pakistan's decision to sever ties with the Taliban—so critical to the success of Operation Enduring Freedom—Islamabad's close cooperation in the war on terrorism has resulted in the capture of key al-Qa'ida lieutenants and significant disruption of its regional network.

- Jordan and Egypt have been courageous leaders in the war on terrorism.

- A number of Gulf states like the United Arab Emirates are denying terrorists financial safehaven, making it harder for al-Qa'ida to funnel funding for operations. Others in the Gulf are beginning to tackle the problem of charities that front for, or fund, terrorism.

- The Saudis are providing increasingly important support to our counterterrorism efforts—from arrests to sharing debriefing results.

- SE Asian countries like Malaysia and Indonesia, with majority Muslim populations, have been active in arresting and detaining terror suspects.

- And we mustn't forget Afghanistan, where the support of the new leadership is essential.

Al-Qa'ida's loss of Afghanistan, the death and capture of key personnel, and its year spent mostly on the run have impaired its capability, complicated its command and control, and disrupted its logistics.

That said, Mr. Chairman, the continuing threat remains clear. Al-Qa'ida is still dedicated to striking the US homeland, and much of the information we've received in the past year revolves around that goal.

Even without an attack on the US homeland, more than 600 people were killed in acts of terror last year—and 200 in Al-Qa'ida-related attacks alone. Nineteen were United States citizens.

- Al-Qa'ida or associated groups carried out a successful attack in Tunisia and—since October 2002—attacks in Mombasa, Bali, and Kuwait, and off Yemen against the French oil tanker *Limburg*. Most of these attacks bore such al-Qa'ida

trademarks as intense surveillance, simultaneous strikes, and suicide-delivered bombs.

Combined US and allied efforts thwarted a number of Al-Qa'ida-related attacks in the past year, including the European poison plots. We identified, monitored, and arrested Jose Padilla, an al-Qa'ida operative who was allegedly planning operations in the United States and was seeking to develop a so-called "dirty bomb." And along with Moroccan partners we disrupted al-Qa'ida attacks against US and British warships in the straits of Gibraltar.

Until al-Qa'ida finds an opportunity for the big attack, it will try to maintain its operational tempo by striking "softer" targets. And what I mean by "softer," Mr. Chairman, are simply those targets al-Qa'ida planners may view as less well protected.

- Al-Qa'ida has also sharpened its focus on our Allies in Europe and on operations against Israeli and Jewish targets.

Al-Qa'ida will try to adapt to changing circumstances as it regroups. It will seek a more secure base area so that it can pause from flight and resume planning. We place no limitations on our expectations of what al-Qa'ida might do to survive.

We see disturbing signs that al-Qa'ida has established a presence in both Iran and Iraq. In addition, we are also concerned that al-Qa'ida continues to find refuge in the hinterlands of Pakistan and Afghanistan.

Al-Qa'ida is also developing or refining new means of attack, including use of surface-to-air missiles, poisons, and air, surface, and underwater methods to attack maritime targets.

- If given the choice, al-Qa'ida terrorists will choose attacks that achieve multiple objectives—striking prominent landmarks, inflicting mass casualties, causing economic disruption, rallying support through shows of strength.

The bottom line here, Mr. Chairman, is that al-Qa'ida is living in the expectation of resuming the offensive.

We know from the events of September 11 that we can never again ignore a specific type of country: a country unable to control its own borders and internal territory, lacking the capacity to govern, educate its people, or provide fundamental social services. Such countries can, however, offer extremists a place to congregate in relative safety.

Al-Qa'ida is already a presence in several regions that arouse our concern. The Bali attack brought the threat home to Southeast Asia, where the emergence of Jemaah Islamiya in Indonesia and elsewhere in the region is particularly worrisome.

- And the Mombasa attack in East Africa highlights the continued vulnerability of Western interests and the growing terrorist threat there.

Although state sponsors of terrorism assume a lower profile today than a decade ago, they remain a concern. Iran and Syria continue to support the most active Palestinian terrorist groups, HAMAS and the Palestine Islamic Jihad. Iran also sponsors Lebanese Hizballah. I'll talk about Iraq's support to terrorism in a moment.

Terrorism directed at US interests goes beyond Middle Eastern or religious extremist groups. In our own hemisphere, the Revolutionary Armed Forces of Colombia, or FARC, has shown a new willingness to inflict casualties on US nationals.

Mr. Chairman, let me briefly turn to a grave concern: the determination of terrorists to obtain and deploy weapons of massive destructive capability, including nuclear, radiological, chemical, and biological devices.

The overwhelming disparity between US forces and those of any potential rival drives terrorist adversaries to the extremes of warfare—toward "the suicide bomber or the nuclear device" as the best ways to confront the United States. Our adversaries see us as lacking will and determination when confronted with the prospect of massive losses.

- Terrorists count on the threat of demoralizing blows to instill massive fear and rally shadowy constituencies to their side.

We continue to receive information indicating that al-Qa'ida still seeks chemical, biological, radiological, and nuclear weapons. The recently disrupted poison plots in the UK, France, and Spain reflect a broad, orchestrated effort by al-Qa'ida and associated groups to attack several targets using toxins and explosives.

- These planned attacks involved similar materials, and the implicated operatives had links to one another.

I told you last year, Mr. Chairman, that Bin Ladin has a sophisticated BW capability. In Afghanistan, al-Qa'ida succeeded in acquiring both the expertise and the equipment needed to grow biological agents, including a dedicated laboratory in an isolated compound outside of Kandahar.

Last year I also discussed al-Qa'ida's efforts to obtain nuclear and radiological materials as part of an ambitious nuclear agenda. One year later, we continue to follow every lead in tracking terrorist efforts to obtain nuclear materials.

- In particular, we continue to follow up on information that al-Qa'ida seeks to produce or purchase a radiological dispersal device. Construction of such a

device is well within al-Qa'ida capabilities—if it can obtain the radiological material.

IRAQ

Before I move on to the broader world of proliferation, Mr. Chairman, I'd like to comment on Iraq. Last week Secretary Powell carefully reviewed for the UN Security Council the intelligence we have on Iraqi efforts to deceive UN inspectors, its programs to develop weapons of mass destruction, and its support for terrorism. I do not plan to go into these matters in detail, but I would like to summarize some of the key points.

- Iraq has in place an active effort to deceive UN inspectors and deny them access. This effort is directed by the highest levels of the Iraqi regime. Baghdad has given clear directions to its operational forces to hide banned materials in their possession.

- Iraq's BW program includes mobile research and production facilities that will be difficult, if not impossible, for the inspectors to find. Baghdad began this program in the mid-1990s—during a time when UN inspectors were in the country.

- Iraq has established a pattern of clandestine procurements designed to reconstitute its nuclear weapons program. These procurements include—but also go well beyond—the aluminum tubes that you have heard so much about.

- Iraq has recently flight tested missiles that violate the UN range limit of 150 kilometers. It is developing missiles with ranges beyond 1,000 kilometers. And it retains—in violation of UN resolutions—a small number of SCUD missiles that it produced before the Gulf War.

- Iraq has tested unmanned aerial vehicles to ranges that far exceed both what it declared to the United Nations and what it is permitted under UN resolutions. We are concerned that Iraq's UAVs can dispense chemical and biological weapons and that they can deliver such weapons to Iraq's neighbors or, if transported, to other countries, including the United States.

- Iraq is harboring senior members of a terrorist network led by Abu Musab al-Zarqawi, a close associate of Usama Bin Ladin. We know Zarqawi's network was behind the poison plots in Europe that I discussed earlier as well as the assassination of a US State Department employee in Jordan.

- Iraq has in the past provided training in document forgery and bomb-making to al-Qa'ida. It also provided training in poisons and gasses to two al-Qa'ida associates; one of these associates characterized the relationship he forged with Iraqi officials as successful.

Mr. Chairman, this information is based on a solid foundation of intelligence. It comes to us from credible and reliable sources. Much of it is corroborated by multiple sources. And it is consistent with the pattern of denial and deception exhibited by Saddam Hussein over the past 12 years.

PROLIFERATION

Mr. Chairman, what I just summarized for you on Iraq's WMD programs underscores our broader concerns about of proliferation. More has changed on nuclear proliferation over the past year than on any other issue. For 60 years, weapon-design information and technologies for producing fissile material—the key hurdles for nuclear weapons production—have been the domain of only a few states. These states, though a variety of self-regulating and treaty based regimes, generally limited the spread of these data and technologies.

In my view, we have entered a *new world of proliferation*. In the vanguard of this new world are knowledgeable non-state purveyors of WMD materials and technology. Such non-state outlets are increasingly capable of providing technology and equipment that previously could only be supplied by countries with established capabilities.

This is taking place side by side with the continued weakening of the international nonproliferation consensus. Control regimes like the Non-Proliferation Treaty are being battered by developments such as North Korea's withdrawal from the NPT and its open repudiation of other agreements.

- The example of new nuclear states that seem able to deter threats from more powerful states, simply by brandishing nuclear weaponry, will resonate deeply among other countries that want to enter the nuclear weapons club.

Demand creates the market. The desire for nuclear weapons is on the upsurge. Additional countries may decide to seek nuclear weapons as it becomes clear their neighbors and regional rivals are already doing so. The "domino theory" of the 21st century may well be nuclear.

- With the assistance of proliferators, a potentially wider range of countries may be able to develop nuclear weapons by "leapfrogging" the incremental pace of weapons programs in other countries.

Let me now briefly review, sector by sector, the range on non-nuclear proliferation threats.

In biological warfare (BW) and chemical warfare (CW), maturing programs in countries of concern are becoming less reliant on foreign suppliers—which complicates our ability to monitor programs via their acquisition activities. BW programs have become more technically sophisticated as a result of rapid growth in the field of

biotechnology research and the wide dissemination of this knowledge. Almost anyone with limited skills can create BW agents. The rise of such capabilities also means we now have to be concerned about a myriad of new agents.

- Countries are more and more tightly integrating both their BW and CW production capabilities into apparently legitimate commercial infrastructures, further concealing them from scrutiny.

The United States and its interests remain at risk from increasingly advanced and lethal ballistic and cruise missiles and UAVs. In addition to the longstanding threats from Russian and Chinese missile forces, the United States faces a near-term ICBM threat from North Korea. And over the next several years, we could face a similar threat from Iran and possibly Iraq.

- Short- and medium-range missiles already pose a significant threat to US interests, military forces, and allies as emerging missile states increase the range, reliability, and accuracy of the missile systems in their inventories.

And several countries of concern remain 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.

Mr. Chairman, I turn now to countries of particular concern, beginning, as you might expect, with North Korea.

The recent behavior of North Korea regarding its longstanding nuclear weapons program makes apparent to all the dangers Pyongyang poses to its region and to the world. This includes developing the capability to enrich uranium, ending the freeze on its plutonium production facilities, and withdrawing from the Nonproliferation Treaty. If, as seems likely, Pyongyang moves to reprocess spent fuel at the facilities where it recently abrogated the 1994 IAEA-monitored freeze, we assess it could recover sufficient plutonium for several additional weapons.

- North Korea also 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 other WMD development programs, and in turn generate new products to offer to its customers.

Indeed, Mr. Chairman, Kim Chong-il's attempts this past year to parlay the North's nuclear weapons program into political leverage suggest he is trying to negotiate a fundamentally different relationship with Washington—one that implicitly tolerates the North's nuclear weapons program.

- Although Kim presumably calculates the North's aid, trade, and investment climate will never improve in the face of US sanctions and perceived hostility, he is equally committed to retaining and enlarging his nuclear weapons stockpile.

Mr. Chairman, I want to mention our renewed concern over Libya's interest in WMD. Since the suspension of sanctions against Libya in 1999, Tripoli has been able to increase its access to dual-use nuclear technologies. Qadhafi stated in an Al-Jazirah interview last year that Arabs have "the right" to possess weapons of mass destruction because, he alleges, Israel has them.

- Libya clearly intends to reestablish its offensive chemical weapons capability and has produced at least 100 tons of chemical agents at its Rabta facility, which ostensibly reopened as a pharmaceutical plant in 1995.

China vowed in November 2000 to refrain from assisting countries seeking to develop nuclear-capable ballistic missiles, and last August Beijing promulgated new missile-related export controls. Despite such steps, Mr. Chairman, Chinese firms remain key suppliers of ballistic- and cruise missile-related technologies to Pakistan, Iran, and several other countries.

- And Chinese firms may be backing away from Beijing's 1997 bilateral commitment to forego any new nuclear cooperation with Iran. We are monitoring this closely.

We are also monitoring Russian transfers of technology and expertise. Russian entities have cooperated on projects—many of them dual-use—that we assess can contribute to BW, CW, nuclear, or ballistic- and cruise- missile programs in several countries of concern, including Iran. Moscow has, however, reexamined at least some aspects of military-technical cooperation with some countries and has cut back its sensitive nuclear fuel-cycle assistance to Iran.

- We remain alert to the vulnerability of Russian WMD materials and technology to theft or diversion. Russia has the largest inventory of nuclear materials that—unless stored securely—might be fashioned into weapons that threaten US persons, facilities, or interests.

Iran is continuing to pursue development of a nuclear fuel cycle for civil and nuclear weapons purposes. The loss of some Russian assistance has impeded this effort. It is also moving toward self-sufficiency in its BW and CW programs.

- Tehran is seeking to enlist foreign assistance in building entire production plants for commercial chemicals that would also be capable of producing nerve agents and their precursors.

- As a supplier, Iran in 2002 pursued new missile-related deals with several countries and publicly advertises its artillery rockets, ballistic missiles, and related technologies.

I should also note, Mr. Chairman, that India and Pakistan continue to develop and produce nuclear weapons and the means to deliver them.

CHINA

I'd like to turn now from the transnational issues of terrorism and proliferation to countries and regions of the world where the United States has important interests, beginning with China.

I have commented for the past several years on China's great power aspirations and in particular Beijing's efforts to maximize its influence within East Asia relative to the US. This is both despite and because global strategic shifts unfolding since 9/11 have impressed upon the Chinese the limits of their international influence.

And despite Beijing's continuing skepticism of US intentions in Central and South Asia and its concern that the United States is gaining regional influence at China's expense, Beijing is emphasizing developing a "constructive relationship" with us. Both before and since President Jiang's visit to Crawford last fall, Chinese leaders have been actively seeking a degree of engagement in areas of mutual interest, such as counterterrorism and regional security issues like North Korea.

China's chosen path to long-term regional and global influence runs through economic growth and Chinese integration into the global economy. Beijing calculates that, as China's economic mass increases, so too will the pull of its political gravity. To date, China's successes have been dramatic—and disconcerting to its neighbors.

Despite China's rapid growth, it remains vulnerable to economic fluctuations that could threaten political and social stability. China is increasingly dependent on its external sector to generate GDP growth. And without rapid growth, China will fall even further behind in job creation.

The recent Congress of the Chinese Communist Party marked a leadership transition to a younger political generation but also created a potential division of authority at the top—and, in light of China's profound policy challenges, an additional leadership challenge.

- The former party chief, Jiang Zemin, who is also scheduled to hand over the Presidency to his successor in both positions, Hu Jintao, is determined to remain in charge. He retains the Chairmanship of the party's Central Military Commission. The new leadership contains many Jiang loyalists and protégés.

- The "next generation" leaders offers policy continuity, but the current setup probably guarantees tensions among leaders uncertain of their own standing and anxious to secure their positions.

Such tensions may well play out on the issue of Taiwan, the matter of greatest volatility in US-China relations. For now the situation appears relatively placid, but recent history shows this can change quickly, given the shifting perceptions and calculations on both sides.

- Chinese leaders seem convinced that all trends are moving in their favor—Taiwan is heavily invested in the mainland and Chinese military might is growing.

- From its perspective, Beijing remains wary of nationalist popular sentiment on Taiwan and of our arms sales to and military cooperation with Taipei.

As for Taiwan President Chen's part, he may feel constrained by internal political and economic problems and by Beijing's charm offensive. As he approaches his reelection bid next year, Chen may react by reasserting Taiwan's separate identity and expanding its international diplomacy.

In this regard, our greatest concern is China's military buildup. Last year marked new high points for unit training and weapons integration—all sharply focused on the Taiwan mission and on increasing the costs for any who might intervene in a regional Chinese operation. We anticipate no slowdown in the coming year.

RUSSIA

Moving on to Russia, Mr. Chairman, I noted last year that well before 9/11, President Putin had moved toward deeper engagement with the United States. I also observed that the depth of domestic support for his foreign policy was unclear and that issues such as NATO enlargement and US missile defense policies would test his resolve. Since then, Putin has reacted pragmatically to foreign policy challenges and has shown leadership in seeking common ground with the United States while still asserting Russia's national interests.

- This was apparent in Russia's low-key reaction to the decision to invite the Baltics into NATO and in its serious attitude toward the new NATO-Russia Council, and in reconsidering some of it military-technical cooperation with proliferation states of concern.

- Moscow eventually supported UN Security Council resolution 1441 on Iraq and has been a reliable partner in the war on terrorism.

International terrorist groups' presence and activities in and around Russia are influencing Russia's policies, sometimes in ways that complicate Moscow's relations

with neighboring states. For example, the presence in Georgia's Pankisi Gorge of Chechen fighters and some of their foreign Mujahideen backers have generated new tensions in Russian-Georgian relations. These tensions were highlighted on the one-year anniversary of the September 11 attacks, when Putin threatened unilateral force against Georgia because he was not satisfied Tbilisi had, in his words, taken action to prevent Georgian-based terrorists from entering Russia.

Similarly, the war in Chechnya is complicated by the continued influence of radical Chechen and foreign Islamists—some of whom have ties to al-Qa'ida. The takeover of the Moscow theater in October proved counterproductive to the terrorists' aim of forcing Russia to withdraw from Chechnya. Indeed, the Kremlin has turned this to its advantage by tying the Chechen opposition to international terrorism.

- Meanwhile, over the past year the war in Chechnya entered a new, brutal phase. Russian security service units have targeted suspected guerrillas and their supporters and punished their families. Chechen guerrillas, for their part, continued to kill pro-Moscow officials and their families.

Putin has no clear domestic rivals for power as he enters an election season that culminates in parliamentary elections in December and presidential elections in March 2004.

Putin has sought to recentralize power in Moscow. He exercises considerable influence over both houses of parliament and the national electronic news media.

- While Putin has reined in some powerful political figures—a few of the governors and so-called "oligarchs"—in many cases he has negotiated a balance of interests.

Putin still hopes to transform Russia over the long term into a power of global prominence, but his comments since late 2001 have contained more emphasis on raising the country's economic competitiveness. To this end, his government has set out a goal of narrowing the huge gap in living standards between Russians and Europeans and seeks to advance an ambitious structural reform program.

- Over the past three years, the Russian government has made real progress on reform objectives by cutting tax and tariff rates, legalizing land sales, and strengthening efforts to fight money laundering.

- Moscow has used its largely oil-driven revenue growth to pay down the country's external public sector debt to a moderate level of 40 percent of GDP, half the level of only a few years ago.

Such reforms are promising, but success ultimately hinges upon the sustained implementation of reform legislation. A risk exists that the government will delay critical reforms of state-owned monopolies and the bloated, corrupt bureaucracy—which Putin

himself has highlighted as a major impediment—to avoid clashes with key interest groups before the March 2004 Presidential election. Moreover, Russia's economy remains heavily dependent on commodity exports, which account for 80 percent of all Russian exports and leaves future growth vulnerable to external price shocks.

IRAN

We watch unfolding events in Iran with considerable interest, Mr. Chairman, because despite its antagonism to the United States, developments there hold some promise as well. Iranian reformers seeking to implement change have become increasingly frustrated by conservatives efforts to block all innovation. We see the dueling factions as heading for a showdown that seems likely to determine the pace and direction of political change in Iran. Within the next several weeks a key test will come as reformers try to advance two pieces of legislation—bills that would reform the electoral process and significantly expand presidential powers—they claim will benchmark their ability to achieve evolutionary change within the system.

- Some reformist legislators have threatened to resign from government if conservatives block the legislation. Others have argued for holding a referendum on reform if opponents kill the bills.

- Comments from the hardline camp show little flexibility—and indeed some opponents of reform are pressing hard to dismantle the parties that advocate political change.

As feuding among political elites continues, demographic and societal pressures continue to mount. Iran's overwhelmingly young population—65 percent of Iran's population is under 30 years old—is coming of age and facing bleak economic prospects and limited social and political freedoms. Strikes and other peaceful labor unrest are increasingly common. These problems—and the establishment's inflexibility in responding to them—drive widespread frustration with the regime.

- Weary of strife and cowed by the security forces, Iranians show little eagerness to take to the streets in support of change. The student protests last fall drew only 5,000 students out of a student population of more than one million.

- But more and more courageous voices in Iran are publicly challenging the right of the political clergy to suppress the popular will--and they are gaining an audience.

Given these developments, we take the prospect of sudden, regime threatening unrest seriously and continue to watch events in Iran with that in mind. For now, our bottom line analysis is that the Iranian regime is secure, but increasingly fragile. The reluctance of reformist leaders to take their demands for change to the street, coupled with the willingness of conservatives to repress dissent, keeps the population disengaged and maintains stability.

- We are currently unable to identify a leader, organization, or issue capable of uniting the widespread desire for change into a coherent political movement that could challenge the regime.

- In addition, we see little indication of a loss of nerve among the opponents of reform, who have publicly argued in favor of using deadly force if necessary to crush the popular demand for greater freedom.

Although a crisis for the regime might come about were reformers to abandon the government or hardliners to initiate a broad suppression on leading advocates of change, the resulting disorder would do little to alleviate US concern over Iran's international behavior. Conservatives already control the more aggressive aspects of Iranian foreign policy, such as sponsoring violent opposition to Middle East peace.

- No Iranian government, regardless of its ideological leanings, is likely to willingly abandon WMD programs that are seen as guaranteeing Iran's security.

SOUTH ASIA

On the Pakistan-India border, the underlying cause of tension is unchanged, even though India's recent military redeployment away from the border reduced the danger of imminent war. The cycles of tension between Indian and Pakistan are growing shorter. Pakistan continues to support groups that resist India's presence in Kashmir in an effort to bring India to the negotiating table. Indian frustration with continued terrorist attacks—most of which it attributes to Pakistan—causes New Delhi to reject any suggestion that it resume a dialogue with Islamabad.

- Without progress on resolving Indian-Pakistani differences, any dramatic provocation—like 2001's terrorist attack on the Indian parliament by Kashmir militants—runs a high risk of sparking another major military deployment.

I also told you last year, Mr. Chairman, that the military campaign in Afghanistan had made great progress but that the road ahead was full of challenges. This is no less true today. Given what Afghanistan was up against at this time last year, its advances are noteworthy, with impressive gains on the security, political, and reconstruction fronts.

- Milestones include establishing the Afghan Interim Authority, holding the Emergency Loya Jirga in June 2002 to elect a President and decide on the composition of the Afghan Transitional Authority (ATA), and establishing judicial, constitutional, and human rights commissions.

- The country is relatively stable, and Kabul is a safer place today than a year ago. The presence of coalition forces has provide security sufficient for aid

organizations and NGO's to operate. Six battalions of what will be the Afghan National Army have been trained by the US and coalition partners to date.

- The Afghan Government also has made great strides in the reconstruction of the beleaguered economy. More than $1 billion in foreign aid has helped repatriate Afghan refugees, re-opened schools, and repaired roads. The ATA introduced a new currency, and instituted trade and investment protocols.

That said, daunting, complex challenges lie ahead that include building institutional barriers against sliding back into anarchy. Opposition elements, such as Taliban remnants and Hezbi-Islami and al-Qa'ida fighters, remain a threat to the Afghan Government and to coalition forces in the eastern provinces. At the same time, criminal activity, such as banditry, and periodic factional fighting continue to undermine security. Sustained US and international focus is essential to continue the progress we and the Afghans have made.

- The Afghans will also have to decide politically contentious issues such as how the new constitution will address the role of Islam, the role sharia law will play in the legal system, and the structure of the next Afghan government. Other major hurdles include bringing local and regional tribal leaders into the national power structure.

- Several Bonn agreement deadlines are looming, including the convening of a constitutional Loya Jirga by December 2003 (within eighteen months of the establishment of the ATA) and holding free and fair elections of a representative national government no later than June 2004.

- And much effort is needed to improve the living standards of Afghan families, many of whom have no steady source of income and lack access to clean drinking water, health care facilities, and schools.

What must be avoided at all costs is allowing Afghanistan to return to the internecine fighting and lawlessness of the early 1990s, which would recreate conditions for the rise of another fanatical movement.

TRANSNATIONAL THREATS

Mr. Chairman, I'd like to address now a range of key transnational issues that have an immediate bearing on America's national security and material well-being. They are complex, evolving, have far-reaching consequences.

Globalization—while a net plus for the global economy—is a profoundly disruptive force for governments to manage. China and India, for example, have substantially embraced it and retooled sectors to harness it to national ends, although in other countries it is an unsought reality that simply imposes itself on society. For

example, many of the politically and economically rigid Arab countries are feeling many of globalization's stresses—especially on the cultural front—without reaping the economic benefits.

- Latin America's rising populism exemplifies the growing backlash against globalization in countries that are falling behind. Last year Brazil's President, "Lula" da Silva, campaigned and won on an expressly anti-globalization populist platform.

- UN figures point out that unemployment is particularly problematic in the Middle East and Africa, where 50 to 80 percent of those unemployed are younger than 25. Some of the world's poorest and often most politically unstable countries—including Afghanistan, Pakistan, Haiti, Iraq, Yemen, and several nations in Sub-Saharan Africa—are among the countries with the youngest populations in the world through 2020.

Among the most unfortunate worldwide are those infected with HIV. The HIV/AIDS pandemic continues unabated, and last year more than 3 million people died of AIDS-related causes. More than 40 million people are infected now, and Southern Africa has the greatest concentration of cases.

- That said, the Intelligence Community recently projected that by 2010, we may see as many as 100 million HIV-infected people outside Africa. China will have about 15 million cases and India will have 20 to 25 million—higher than estimated for any country in the world.

- The national security dimension of the virus is plain: it can undermine economic growth, exacerbate social tensions, diminish military preparedness, create huge social welfare costs, and further weaken already beleaguered states. And the virus respects no border.

But the global threat of infectious disease is broader than AIDS. In Sub-Saharan Africa the leading cause of death among the HIV-positive is tuberculosis. One-third of the globe has the tuberculosis bacillus. And at least 300 million cases of malaria occur each year, with more than a million deaths. About 90 percent of these are in Sub-Saharan Africa—and include an annual 5 percent of African children under the age of 5.

Mr. Chairman, the world community is at risk in a number of other ways.

- The 35 million refugees and internally displaced persons in need of humanitarian assistance are straining limited resources. Substantial aid requirements in southern Africa, the Horn of Africa, Afghanistan, and North Korea, plus expected needs this year in Iraq, Cote d'Ivoire, and elsewhere in Africa will add up to an unprecedented demand for food and other humanitarian assistance. Worldwide

emergency assistance needs are likely to surpass the record $8-10 billion donors provided last year for humanitarian emergencies.

- Food aid requirements this year will rise more sharply than other categories of humanitarian assistance, particularly in Sub-Saharan Africa, because of drought, instability, HIV/AIDS, and poor governance. Preliminary estimates put the total food aid needed to meet emergency appeals and long-term food aid commitments at about 12 million metric tons, 4 million tons greater than estimated aid supplies.

OTHER HOTSPOTS

Mr. Chairman, Sub-Saharan Africa's chronic instability will demand US attention. Africa's lack of democratic institutionalization combined with its pervasive ethnic rifts and deep corruption render most of the 48 countries vulnerable to crises that can be costly in human lives and lost economic growth. In particular, the potential is high for Nigeria and Kenya to suffer setbacks in the next year.

- Growing ethnic and religious strife, rampant corruption, and a weak economy will test Nigeria's democracy before and after the April 2003 election. Its offshore oil areas provide 9 percent of US crude oil imports and are insulated from most unrest, but relations with Washington could rupture if yet another military regime assumes power in Nigeria during a domestic upheaval.

- After 24 years of President Moi's rule, the new president and ruling coalition in Kenya face many challenges, including preserving their shaky alliance while overhauling the constitution. Kenyans' severe economic woes and sky-high expectations for change do not bode well for the coalition's stability this year.

In addition, other failed or failing African states may lead to calls for the United States and other major aid donors to stabilize a range of desperate situations. In Zimbabwe, President Mugabe's mismanagement of the economy and clampdown on all political opposition may touch off serious unrest and refugee flows in coming months.

- Cote d'Ivoire is collapsing, and its crash will be felt throughout the region, where neighboring economies are at risk from the fall-off in trade and from refugees fleeing violence.

Regarding Latin America, Mr. Chairman, Colombian President Uribe is off to a good start but will need to show continued improvements in security to maintain public support and attract investment. He is implementing his broad national security strategy and moving aggressively on the counterdrug front—with increased aerial eradication and close cooperation on extradition. And the armed forces are gradually performing better against the FARC. Meanwhile, the legislature approved nearly all Uribe's measures to modernize the government and stabilize its finances.

- Although Uribe's public support is strong, satisfying high popular expectations for peace and prosperity will be challenging. Security and socioeconomic improvements are complex and expensive. And the drug trade will continue to thrive until Bogotá can exert control over its vast countryside.

- FARC insurgents are well-financed by drugs and kidnappings, and they are increasingly using terrorism against civilians and economic targets—as they demonstrated last weekend in a lethal urban attack—to wear away the new national will to fight back.

Venezuela—the third largest supplier of petroleum to the United States—remains in mid-crisis. The standoff between Hugo Chavez and the political opposition appears headed toward increased political violence despite the end of the general strike, which is till being honored by oil workers.

- Because many oil workers have returned to work, the government is gradually bringing some of the oil sector back on line. Nevertheless, a return to full pre-strike production levels remains months. Oil production through March will probably average less than 2 million barrels per day—one million barrels per day below pre-strike levels.

- Meanwhile, Chavez, focused on crippling longtime enemies in the opposition, states he will never resign and has balked at requests for early elections.

Finally, Mr. Chairman, after several years of modest progress toward normalization in the Balkans, the situation is beginning to deteriorate. Although we are unlikely to see a revival of large-scale fighting or ethnic cleansing, the development of democratic government and market economies in the region has slowed. Moreover, crime and corruption remain as major problems that are holding back progress.

- International peacekeeping forces led by NATO exert a stabilizing influence, but the levels of support provided by the international community are declining.

- The real danger, Mr. Chairman, is that the international community will lose interest in the Balkans. If so, the situation will deteriorate even further.

Thank you, Mr. Chairman. I welcome any questions you and the members of the Committee may have for me.

STATEMENT OF THE HONORABLE GEORGE TENET, DIRECTOR OF CENTRAL INTELLIGENCE

Director TENET. Undaunted. I'll read a little bit, sir.

Thank you, Mr. Chairman. Mr. Chairman, last year in the wake of the September 11 attack on our country, I focused my remarks on the clear and present danger posed by terrorists who seek to destroy who we are and what we stand for.

The national security environment that exists today is significantly more complex than a year ago. I can tell you that the threat from al-Qa'ida remains, even though we have made important strides in the war on terrorism. Secretary of State Powell clearly outlined last week the continuing threats posed by Iraq's weapons of mass destruction, its efforts to deceive U.N. inspectors, and the safe haven that Baghdad has allowed for terrorists in Iraq.

North Korea's recent admission that it has a highly-enriched uranium program, intends to end the freeze on its plutonium production facilities, and has stated its intention to withdraw from the Nonproliferation Treaty raises serious new challenges for the region and the world. At the same time, we cannot lose sight of those national security challenges that, while not occupying space on the front pages, demand a constant level of scrutiny.

Challenges such as the world's vast stretches of ungoverned areas, lawless zones, veritable no man's lands, like some areas along the Afghan-Pakistani border, where extremist movements find shelter and can win the breathing space to grow. Challenges such as the numbers of societies and peoples excluded from the benefits of an expanding global economy, where the daily lot is hunger, disease, and displacement, produce large populations of disaffected youth who are prime recruits for our extremist foes.

Mr. Chairman, as you know, the United States last week raised the terrorist threat level. We did so because of the threat reporting from multiple sources with strong al-Qa'ida ties. The information we have points to plots aimed at targets on two fronts—in the United States and on the Arabian Peninsula. It points to plots timed to occur as early as the end of the Hajj, which occurs late this week. And it points to plots that could include the use of a radiological dispersal device, as well as poisons and chemicals. The intelligence is not idle chatter on the part of terrorists or their associates. It is the most specific we have seen, and it is consistent with both our knowledge of al-Qa'ida's doctrine and our knowledge of plots this network and particularly its senior leadership has been working on for years.

The intelligence community is working directly and in real time with friendly services overseas and with our law enforcement colleagues here at home to disrupt and capture specific individuals who may be part of this plot. Our information and knowledge is the result of important strides we have made since September 11 to enhance our counterterrorism capabilities and to share with our law enforcement colleagues—and they with us—the results of disciplined operations, collection, and analysis of events inside the United States and overseas.

Raising the threat level is important to our being as disruptive as we possibly can be. The enhanced security that results from a higher level of threat can buy us more time to operate against the

individuals who are plotting to do us harm. And heightened vigilance generates additional information and leads. This latest reporting underscores the threat that the al-Qa'ida network continues to pose to the United States. The network is extensive and adaptable. It will take years of determined effort to unravel this and other terrorist networks and stamp them out.

Mr. Chairman, the intelligence and law enforcement communities aggressively continue to prosecute the war on terrorism, and we are having success on many fronts. More than one third of the top al-Qa'ida leadership identified before the war has either been killed or captured, including the operations chief for the Persian Gulf area who planned the bombing of the USS *Cole*, a key planner who was a Mohammad Atta's confidant and a conspirator in the 9/11 attacks, a major al-Qa'ida leader in Yemen, and key operatives and facilitators in the Gulf area and other regions, including South Asia and Southeast Asia.

The number of rounded-up al-Qa'ida detainees has now grown to over 3,000, up from 1,000 or so when I testified last year. And the number of countries involved in these captures has almost doubled to more than one hundred. Not everyone arrested was a terrorist. Some have been released. But the worldwide rousting of al-Qa'ida has definitely disrupted its operations, and we've obtained a trove of information we're using to prosecute the hunt still further.

The coalition against international terrorism is stronger, and we are reaping the benefits of unprecedented international cooperation. In particular, Muslim governments today better understand the threat al-Qa'ida poses to them and day by day have been increasing their support. Ever since Pakistan's decision to sever ties with the Taliban, so critical to the success of Operation Enduring Freedom, Islamabad's close cooperation in the war on terrorism has resulted in the capture of key al-Qa'ida lieutenants and significant disruption of its regional network.

Jordan and Egypt have been courageous leaders in the war on terrorism. I can't say enough about what Jordan has done for this country in taking on this scourge.

A number of Gulf states, like the United Arab Emirates, are denying terrorists financial safe haven, making it harder for al-Qa'ida to funnel funding for operations. Others in the Gulf are beginning to tackle the problem of charities that front for or fund terrorism. The Saudis are providing increasingly important support to our counterterrorism efforts—from arrests to sharing debriefing results. Southeast Asian countries like Malaysia and Indonesia, with majority Muslim populations, have been active in arresting and detaining terrorist suspects. And we mustn't forget Afghanistan, where the support of the new leadership is absolutely essential. Al-Qa'ida's loss of Afghanistan, the death and capture of key personnel, and its year spent mostly on the run have impaired its ability, complicated its command and control, and disrupted its logistics.

That said, Mr. Chairman, the continuing threat remains clear. Al-Qa'ida is still dedicated to striking the U.S. homeland, and much of the information we've received in the past year revolves around that goal. Even without an attack on the U.S. homeland, more than 600 people around the world were killed in acts of terror

last year, and 200 in al-Qa'ida related attacks—19 were U.S. citizens. Al-Qa'ida or associated groups carried out a successful attack in Tunisia and since October 2002 attacks in Mombasa, Bali, Kuwait, and off Yemen against the French oil tanker *Limburg*. Most of these attacks bore such al-Qa'ida trademarks as entrenched surveillance, simultaneous strikes, and suicide-delivered bombs.

Combined U.S. and allied efforts have thwarted a number of related attacks in the past year, including the European poison plots. We identified, monitored, and arrested Jose Padilla, an al-Qa'ida operative who was allegedly planning operations in the United States and was seeking to develop a so-called dirty bomb. And along with Moroccan partners we disrupted al-Qa'ida attacks against U.S. and British warships in the Straits of Gibraltar.

Until al-Qa'ida finds an opportunity for the big attack, it will try to maintain its operational tempo by striking softer targets. And what I mean by "softer," Mr. Chairman, are simply those targets al-Qa'ida planners may view as less well protected. Al-Qa'ida has also sharpened its focus on our allies in Europe and on operations against Israeli and Jewish targets. Al-Qa'ida will try to adapt to changing circumstances as it regroups. It will secure base areas so that it can pause from flight and resume planning. We place no limitations on our expectations on what al-Qa'ida might do to survive.

We see disturbing signs that al-Qa'ida has established a presence in both Iran and Iraq. In addition, we are concerned that al-Qa'ida continues to find refuge in the hinterlands of Pakistan and Afghanistan. Al-Qa'ida is also developing or refining new means of attack, including the use of surface-to-air missiles, poisons, and air and surface and underwater methods to attack maritime targets. If given the choice, al-Qa'ida terrorists will choose attacks that achieve multiple objectives—striking prominent landmarks, inflicting mass casualties, causing economic disruption, and rallying support through shows of strength. The bottom line here, Mr. Chairman, is that al-Qa'ida is living in the expectation of resuming the offensive.

We know from the events of September 11 that we can never again ignore a specific type of country—a country unable to control its own borders and internal territory, lacking the capacity to govern, educate its people, or provide fundamental societal services. Such countries can, however, offer extremists a place to congregate in relative safety. Al-Qa'ida is already a presence in many parts of the world, Mr. Chairman, and I'll stop my discussion on terrorism there, where I go on to a very careful discussion of our concerns about their acquisition of chemical and biological weapons and what the history shows.

I want to move to Iraq, sir, and then China and Iran and I'll get out. There's a lot in my statement, and you can read it. Mr. Chairman, I'd like to comment on Iraq, and I will come back and answer Senator Rockefeller's questions as best I can.

Last week Secretary Powell carefully reviewed for the U.N. Security Council the intelligence we have on Iraqi efforts to deceive U.N. inspectors, its programs to develop weapons of mass destruction, and its support for terrorism. I do not plan to go into these matters in detail, but I will summarize some of the key points.

Iraq has in place an active effort to deceive U.N. inspectors and deny them access. The effort is directed at the highest levels of the Iraqi regime. Baghdad has given clear directions to its operational forces to hide banned materials in their possession. Iraq's BW program includes mobile research and production facilities that will be difficult, if not impossible, for the inspectors to find. Baghdad began this program in the mid '90s, during a time when U.N. inspectors were in the country.

Iraq has established a pattern of clandestine procurements designed to reconstitute its nuclear weapons program. These procurements include but go well beyond the aluminum tubes that you have heard so much about. Iraq has recently flight-tested missiles that violate the U.N. range limit of 150 kilometers. They have tested unmanned aerial vehicles to ranges that far exceed both what it declared to the United Nations and what it is permitted under U.N. resolutions.

Iraq is harboring senior members of a terrorist network led by Abu Musab al-Zarqawi, a close associate of al-Qa'ida. We know Zarqawi's network was behind the poison plots in Europe, and we discussed earlier as well—Secretary Powell discussed—the assassination of a U.S. State Department employee in Jordan.

Iraq has in the past provided training in document forgery and bomb-making to al-Qa'ida. It has also provided training in poisons and gases to two al-Qa'ida associates. One of these associates characterized the relationship he forged with Iraqi officials as successful.

Mr. Chairman, this information is based on a solid foundation of intelligence. It comes to us from credible and reliable sources. Much of it is corroborated by multiple sources. And it is consistent with the pattern of denial and deception exhibited by Saddam Hussein over the past 12 years.

Mr. Chairman, on proliferation, it's important to talk about this for a few moments. We have entered a new world of proliferation. In the vanguard of this new world, we are knowledgeable about non-state purveyors of WMD materials and technology. Such non-state outlets are increasingly capable of providing technology and equipment that previously could only be supplied by countries with established capabilities. This is taking place side by side with the continued weakening of the international non-proliferation consensus. Control regimes like the NPT Treaty are being battered by developments such as North Korea's withdrawal from the NPT and its open repudiation of other agreements.

The example of new nuclear states that seem able to deter threats from more powerful states simply by brandishing nuclear weaponry will resonate deeply among other countries that want to enter the nuclear weapons club. Demand creates the market. The desire for nuclear weapons is on the upsurge. Additional countries may decide to seek nuclear weapons as it becomes clear their neighbors and regional rivals are already doing so. The domino theory of the 21st century may well be nuclear. With the assistance of proliferators, a potentially wider range of countries may be able to develop nuclear weapons by leap-frogging the incremental pace of weapons programs in other countries.

Mr. Chairman, my statement on proliferation is far more extensive, talking about developments of chemical and biological weapons, threats from ballistic missiles, land attack cruise missiles, and UAVs. I will want to talk briefly about North Korea.

The recent behavior of North Korea regarding its long-standing nuclear weapons program makes apparent all the dangers Pyongyang poses to its region and the world. This includes developing a capability to enrich uranium, ending the freeze on its plutonium production facilities, and withdrawing from the Nonproliferation Treaty. If, as seems likely, Pyongyang moves on to reprocess spent fuel at the facilities where it recently abrogated the 1994 IAEA-monitored freeze, we assess it could recover sufficient plutonium for several additional weapons. North Korea also continues to export complete ballistic missiles and production capabilities, along with related raw materials, components and expertise.

Kim Jong-ll's attempts this past year to parlay the North's nuclear weapons program into political leverage suggests that he is trying to negotiate a fundamentally different relationship with Washington, one that implicitly tolerates North Korea's nuclear weapons program. Although Kim calculates that the North's aid, trade and investment climate will never improve in the face of U.S. sanctions and perceived hostility, he is equally committed to retaining and enlarging his nuclear weapons stockpiles.

Mr. Chairman, I go through an interesting discussion of China, Russia and Iran. Perhaps we can come back to those during the question and answer period. I would note the one area of the world that continues to worry us, as we worry about all these other problems, is South Asia, where we've averted a conflict but soon could return to one, and it's something that we may want to talk about but continues to bear careful scrutiny.

The statement goes through a number of transnational threats, Mr. Chairman, and I want to talk about something untraditional. You know we recently published an NIE, an open NIE, on AIDS. I want to talk about HIV/AIDS because it has national security implications beyond health implications.

This pandemic continues unabated, and last year more than three million people died of AIDS-related causes. More than 40 million people are infected now, and southern Africa has the greatest concentration of these cases. That said, the intelligence community recently projected that by 2010 we may see as many as 100 million HIV-infected people outside of Africa. China will have about 15 million cases and India, 20 to 25 million cases. And cases are on the rise in Russia as well.

The national security dimension of the virus is plain. It can undermine economic growth, exacerbate social tensions, diminish military preparedness, create huge social welfare costs, and further weaken beleaguered states. And the virus respects no border.

We rarely talk about Africa, Mr. Chairman, but it's important. Sub-Saharan Africa's chronic instability will demand U.S. attention. Africa's lack of democratic institutionalization, combined with its pervasive ethnic rifts and deep corruption, render most of the 48 countries vulnerable to crises that can be costly in human lives and economic growth. The Cote D'Ivoire is collapsing, and its crash

will be felt throughout the region, where neighboring economies are at risk from the falloff in trade and from refugees fleeing violence.

Mr. Chairman, I'll end my statement there. There's a discussion about Venezuela and Colombia we may want to pursue in the questions and answers. And I thank you for your patience, and I've set a new standard for not reading my whole statement.

Chairman ROBERTS. It's an excellent standard and a marvelous precedent. Director Mueller.

[The prepared statement of Director Mueller follows:]

SSCI# 2003 - 0743

TESTIMONY OF
ROBERT S. MUELLER, III
DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE OF THE
UNITED STATES SENATE

February 11, 2003

Good morning Chairman Roberts, Vice-Chairman Rockefeller, and Members of the Committee. I would like to commend the Committee for placing a priority on holding this hearing and I welcome the opportunity to appear before you this morning. I believe it is critical that the American people be kept informed of what their government is doing to protect them from this nation's enemies.

As we enter the second year of the global war on terrorism, the United States and its allies have inflicted a series of significant defeats on al-Qaeda and its terrorist networks, both at home and abroad. The terrorist enemy, however, is far from defeated. Although our country's ultimate victory is not in doubt, we face a long war whose end is difficult to foresee. But make no mistake, Mr. Chairman, the enemies we face are resourceful, merciless, and fanatically committed to inflicting massive damage on our homeland, which they regard as the bastion of evil. In this war, there can be no compromise or negotiated settlement. Accordingly, the prevention of another terrorist attack remains the FBI's top priority as we strive to disrupt and destroy terrorism on our soil.

The FBI's efforts to identify and dismantle terrorist networks have yielded major successes over the past 17 months. We have charged 197 suspected terrorists with crimes--99 of whom have been convicted to date. We have also facilitated the deportation of 478 individuals with suspected links to terrorist groups. Moreover, our efforts have damaged terrorist networks and disrupted terrorist plots across the country:

- In Portland, where six have been charged with providing material support to terrorists.

- In Buffalo, where we arrested seven al-Qaeda associates and sympathizers indicted in September 2002 for providing material support to terrorism.

- In Seattle, where Earnest James Ujaama (aka Bilal Ahmed) has been charged with conspiracy to provide material support to terrorists and suspected of establishing a terrorist training facility in Bly, Oregon.

- In Detroit, where four have been charged with document fraud and providing material support to terrorists.

- In Chicago, where Global Relief Foundation Director Enaam Arnaout has been charged with funneling money to al-Qaeda.

- And in Florida, where three US citizens were arrested for acquiring weapons and explosives in a plot to blow up an Islamic Center in Pinellas County in retaliation for Palestinian bombings in Israel.

Furthermore, we are successfully disrupting the sources of terrorist financing, including freezing $113 million from 62 organizations and conducting 70 investigations, 23 of which have resulted in convictions. Our investigations have also made it more difficult for suspicious NGOs to raise money and continue their operations. Donors are thinking twice about where they send their money—some questioning the integrity of the organization they are supporting and others fearful of being linked to an organization that may be under FBI scrutiny.

- Our financial disruption operations also include an international dimension. For example, the FBI was instrumental in providing information that resulted in the apprehension of a major money launderer for al-Qaeda and the Taliban. Since the arrest, the subject's hawala network has been disrupted and dismantled in the UAE and in Pakistan, in part due to the efforts of the FBI.

Despite these successes, the nature of the terrorist threat facing our country today is complex. International terrorists and their state sponsors have emerged as the primary threat to our security after decades in which the activities of domestic terrorist groups were a more imminent threat.

- Our investigations since the 1993 World Trade Center bombings and particularly since September 11 have revealed an extensive militant Islamic presence in the US, as well as a number of groups that are capable of launching terrorist attacks here.

- The al-Qaeda terrorist network headed by Usama Bin Laden is clearly the most urgent threat to US interests. The evidence linking al-Qaeda to the attacks of September 11 is clear and irrefutable, and our investigation of the events leading up to 9/11 has given rise to important insights into terrorist tactics and tradecraft, which will prove invaluable as we work to prevent the next attack.

There is no question that al-Qaeda and other terrorist networks have proven adept at defending their organizations from US and international law enforcement efforts. As these terrorist organizations evolve and change their tactics, we, too, must be prepared to evolve. Accordingly, the FBI is undergoing

momentous changes—including the incorporation of a more robust intelligence function—that will allow us to meet the terrorist threat head-on. I will briefly outline these changes, but first, Mr. Chairman, I will spend some time discussing the nature of the terrorist threat facing this country.

THE NATURE OF THE THREAT

The al-Qaeda network will remain for the foreseeable future the most immediate and serious threat facing this country. Al-Qaeda is the most lethal of the groups associated with the Sunni jihadist cause, but it does not operate in a vacuum; many of the groups committed to international jihad—including the Egyptian al-Gama'at al-Islamiyya, Lebanese 'Asbat al-Ansar, Somali al-Ittihad al-Islami, and Algerian Salafist Group for Call and Combat (GSPC)—offer al-Qaeda varying degrees of support.

- FBI investigations have revealed a widespread militant Islamic presence in the US.

- We strongly suspect that several hundred of these extremists are linked to al-Qaeda.

- The focus of their activities centers primarily on fundraising, recruitment, and training. Their support structure, however, is sufficiently well-developed that one or more groups could be ramped up by al-Qaeda to carry out operations in the US homeland.

Despite the progress the US has made in disrupting the al-Qaeda network overseas and within our own country, the organization maintains the ability and the intent to inflict significant casualties in the US with little warning.

- The greatest threat is from al-Qaeda cells in the US that we have not yet identified. The challenge of finding and rooting out al-Qaeda members once they have entered the US and have had time to establish themselves is our most serious intelligence and law enforcement challenge.

- In addition, the threat from single individuals sympathetic or affiliated with al-Qaeda, acting without external support or surrounding conspiracies, is increasing, in part because of heightened publicity surrounding recent events such as the October 2002 Washington metropolitan area sniper shootings and the anthrax letter attacks.

Our investigations suggest that al-Qaeda has developed a support infrastructure inside the US that would allow the network to mount another terrorist attack on US soil. Such an attack may rely on local individuals or use these local assets

as support elements for teams arriving from outside the US. The al-Qaeda-affiliated group we arrested in Lackawanna, New York is one example of the type of support available to the al-Qaeda network. These US citizens received military training in an al-Qaeda training camp in Afghanistan.

- Many of the US-based cells are relatively recent additions to the al-Qaeda network, leaving open the possibility that more established networks that significantly pre-date the September 11 attacks have been successful in evading detection.

- Besides funding and recruiting opportunities, the US offers al-Qaeda a unique platform to research and acquire sophisticated capabilities in new technologies, particularly in the areas of WMD and communications.

Al-Qaeda appears to be enhancing its support infrastructure in the US by boosting recruitment efforts. Al-Qaeda no doubt recognizes the operational advantage it can derive from recruiting US citizens who are much less likely to come to the attention of law enforcement and who also may be better able to invoke constitutional protections that can slow or limit investigative efforts.

Al-Qaeda's successful attacks on September 11 suggest the organization could employ similar operational strategies in carrying out any future attack in the US, including cell members avoiding drawing attention to themselves and minimizing contact with militant Islamic groups in the US. They will also maintain strict operational and communications security.

We must not assume, however, that al-Qaeda will rely only on tried and true methods of attack. As attractive as a large-scale attack that produced mass casualties would be for al-Qaeda and as important as such an attack is to its credibility among its supporters and sympathizers, target vulnerability and the likelihood of success are increasingly important to the weakened organization. Indeed, the types of recent, smaller-scale operations al-Qaeda has directed and aided against a wide array of Western targets—such as in Mombassa, Bali, and Kuwait and against the French oil tanker off Yemen—could readily be reproduced in the US.

- Multiple small-scale attacks against soft targets—such as banks, shopping malls, supermarkets, apartment buildings, schools and universities, churches, and places of recreation and entertainment—would be easier to execute and would minimize the need to communicate with the central leadership, lowering the risks of detection.

- Poisoning food and water supplies also may be an attractive tactic in the future. Although technologically challenging, a successful attempt might cause thousands of casualties, sow fear among the US population, and undermine public confidence in the food and water supply.

- Cyberterrorism is also clearly an emerging threat. Terrorist groups are increasingly computer savvy, and some probably are acquiring the ability to use cyber attacks to inflict isolated and brief disruptions of US infrastructure. Due to the prevalence of publicly available hacker tools, many of these groups probably already have the capability to launch denial-of-service and other nuisance attacks against Internet-connected systems. As terrorists become more computer savvy, their attack options will only increase.

My greatest concern, Mr. Chairman, is that our enemies are trying to acquire dangerous new capabilities with which to harm Americans. Terrorists worldwide have ready access to information on chemical, biological, radiological, and nuclear—or CBRN—weapons via the Internet. Acquisition of such weapons would be a huge morale boost for those seeking our destruction, while engendering widespread fear among Americans and our allies.

- We know from training manuals and tapes that prior to September 11 al-Qaeda was working on using botulinum toxin, cyanide gas, and other poisons, such as ricin. We are concerned that, like the individuals in the United Kingdom believed to be developing poisons for terrorist uses, al-Qaeda-affiliated groups may attempt to set up similar operations here in the US.

- The development of a Radiological Dispersion Device—or so-called, "dirty bomb"—is made all the easier due to the availability of small amounts of radioactive material on the open market. Furthermore, a crude dirty bomb requires minimal expertise to build.

As we think about where the next attack might come, al-Qaeda will probably continue to favor spectacular attacks that meet several criteria: high symbolic value, mass casualties, severe damage to the US economy, and maximum psychological trauma. Based on al-Qaeda's previous pattern, the organization may attempt to destroy objectives it has targeted in the past. On the basis of these criteria, we judge that al-Qaeda's highest priority targets are high-profile government or private facilities, commercial airliners, famous landmarks, and critical infrastructure such as energy-production facilities and transportation nodes.

Mr. Chairman, you no doubt are familiar with reports from a few months ago that highlighted possible attacks against symbols of US economic power. We believe such targets are high on al-Qaeda's list because of the economic disruption such attacks would cause.

- Attacks against high tech businesses would cripple information technology and jeopardize thousands of jobs.

- The financial sector now depends on telecommunications for most of its transactions. Disruption of critical telecommunications nodes—either physically or through cyber means—would create severe hardships until services could be restored. Failures caused intentionally could persist for longer durations, creating difficult repairs and recovery, and intensifying uncertainty and economic losses.

Al-Qaeda is also eyeing transportation and energy infrastructures—the destruction of which could cripple the US economy, create fear and panic, and cause mass casualties.

- I worry, in particular, about the US rail system's myriad vulnerabilities. As the Tokyo subway attack in 1995 by Aum Shinrikyo demonstrated, signs of terrorist planning to attack rail assets are difficult to detect because of the relative ease with which terrorists' can surveil railway and subway facilities.

- Since the September 11 attacks, there have been a variety of threats suggesting that US energy facilities are being targeted for terrorist attacks. Although the information often is fragmentary and offers little insight into the timing and mode of an attack, the October 2002 operation against the French supertanker *Limburg* suggests that al-Qaeda is serious about hitting the energy sector and its support structure.

- Al-Qaeda appears to believe that an attack on oil and gas structures could do great damage to the US economy. The size of major petroleum processing facilities makes them a challenge to secure, but they are also difficult targets given their redundant equipment, robust construction, and inherent design to control accidental explosions.

- Terrorist planners probably perceive infrastructure such as dams and powerlines as having softer defenses than other facilities. Indeed, attacking them could cause major water and energy shortages, drive up transportation costs, and undermine public confidence in the government.

Be assured, Mr. Chairman, that our focus on al-Qaeda and ideologically similar groups has not diverted our intelligence and investigative efforts from the potential threats from groups like HAMAS and Lebanese Hizballah. Both of these groups have significant US-based infrastructure that gives them the capability to launch terrorist attacks inside the US. At the moment, neither group appears to have sufficient incentive to abandon their current fundraising and recruitment activities in the US in favor of violence.

- Nonetheless, HAMAS or Lebanese Hizballah could in short order develop the capability to launch attacks should international developments or other circumstances prompt them to undertake such actions.

Mr. Chairman, although the most serious terrorist threat is from non-state actors, we remain vigilant against the potential threat posed by state sponsors of terrorism. The seven countries designated as State Sponsors of Terrorism--Iran, Iraq, Syria, Sudan, Libya, Cuba, and North Korea--remain active in the US and continue to support terrorist groups that have targeted Americans.

Although Iran remains a significant concern for its continued financial and logistical support of terrorism, Iraq has moved to the top of my list. As we previously briefed this Committee, Iraq's WMD program poses a clear threat to our national security, a threat that will certainly increase in the event of future military action against Iraq. Baghdad has the capability and, we presume, the will to use biological, chemical, or radiological weapons against US domestic targets in the event of a US invasion. We are also concerned about terrorist organizations with direct ties to Iraq--such as the Iranian dissident group, Mujahidin-e Khalq, and the Palestinian Abu Nidal Organization.

- Groups like the Abu Nidal Organization may target US entities overseas but probably lack the military infrastructure to conduct organized terrorist attacks on US soil. A notable exception is the Mujahedin-e Khalq, which has a US presence and proven operational capability overseas and which cooperates with Baghdad.

- Secretary Powell presented evidence last week that Baghdad has failed to disarm its weapons of mass destruction, willfully attempting to evade and deceive the international community. Our particular concern is that Saddam may supply al-Qaeda with biological, chemical, or radiological material before or during a war with the US to avenge the fall of his regime. Although divergent political goals limit al-Qaeda's cooperation with Iraq, northern Iraq has emerged as an increasingly important operational base for al-Qaeda associates, and a US-Iraq war could prompt Baghdad to more directly engage al-Qaeda.

Mr. Chairman, let me wrap up my discussion of the nature of the terrorist threat to the US by speaking briefly about domestic terrorism. The events of September 11 have rightly shifted our focus to international terrorist groups operating inside the US but not to the exclusion of domestic groups that threaten the safety of Americans. As defined by the Patriot Act, domestic terrorism encompasses dangerous activities within the territorial jurisdiction of the United States that violate US criminal laws and appear to be intended to intimidate or coerce a civilian population, to influence the policy of a government, or affect the conduct of a government by mass destruction, assassination, or kidnapping. Domestic terrorists have committed the vast majority of terrorist attacks against the continental US.

- In fact, between 1980 and 2001, the FBI recorded 353 incidents or suspected incidents of terrorism in this country; 264 of these incidents were attributed to domestic terrorists, while 89 were determined to be international in nature.

- I am particularly concerned about loosely affiliated terrorists and lone offenders, which are inherently difficult to interdict given the anonymity of individuals that maintain limited or no links to established terrorist groups but act out of sympathy with a larger cause. We should not forget the Oklahoma City bombing in 1995, for example, which was carried out by individuals unaffiliated with a larger group.

The threat of domestic terrorists launching large-scale attacks that inflict mass casualties is low compared with that of international terrorist groups. This is due, in part, to longstanding law enforcement efforts against many of these groups. Here are just a few examples:

- Between 1999 and 2001 the FBI prevented 10 possible domestic terrorist incidents, including two potentially large-scale, high-casualty attacks by right-wing groups and the planned bombing of the Trans-Alaska Pipeline in 1999.

- And in June 2002, we arrested Pennsylvania Citizens Militia's self-proclaimed leader for planning to bomb the local FBI office in State College, Pennsylvania.

ADAPTING TO MEET THE EVOLVING TERRORIST THREAT

Mr. Chairman, let me spend some time, now, outlining specific steps the FBI is taking to enhance our ability to combat the vital threats to the United States that I have just shared with the Committee. We have dedicated ourselves to learning the lesson of the 9/11 attacks perpetrated by al-Qaeda and to using that knowledge to root out terrorist networks of all types in the United States.

To effectively wage this war against terror, we have augmented our counterterrorism resources and are making organizational enhancements to focus our priorities. To give new focus to analysis, last year I created an Analysis Branch in the Counterterrorism Division and assigned it the mission of

producing strategic assessments of the terrorism threat to the United States. To date, the Analysis Branch has produced nearly 30 in-depth analytical assessments, including the FBI's first comprehensive assessment of the terrorist threat to the homeland. In addition, our analysts have produced more than 200 articles for the FBI Presidential Report, a product we created for the President and senior White House officials.

- On top of the huge resource commitment to counterterrorism we made between 1993 and 2001, we have received additional resources from the Congress, as well as shifted internal resources to increase our total staffing levels for counterterrorism since 9/11 by 36 percent. Much of this increase has gone toward augmenting our analytic cadre. We are funded for 226 intelligence analysts (strategic and tactical) at FBIHQ and 125 analytical personnel in the field.

- We have implemented a number of initiatives aimed at enhancing training for our analytic workforce, including creating the College of Analytical Studies, which, in conjunction with the CIA, will begin training our new intelligence analysts this month.

- We also created a corps of reports officers -- an entirely new and desperately needed function for the FBI. These officers will be responsible for identifying, extracting, and collecting intelligence from FBI investigations and sharing that information throughout the FBI and to other law enforcement and intelligence entities.

I have taken a number of other actions I believe will make the FBI a more flexible, more responsive agency in our war against terrorism:

- To improve our system for threat warnings, we have established a number of specialized counterterrorism units. These include a Threat Monitoring Unit, which, among other things, works hand-in-hand with its CIA counterpart to produce a daily threat matrix; a 24-hour Counterterrorism Watch to serve as the FBI's focal point for all incoming terrorist threats; two separate units to analyze terrorist communications and special technologies and applications; a section devoted entirely to terrorist financing operations; a unit to manage document exploitation; and others.

- To prevent terrorists from acquiring weapons of mass destruction, we have undertaken a number of initiatives. We are coordinating with suppliers and manufacturers of WMD materials in an effort to help them voluntarily report any suspicious purchases or inquiries.

- To protect US citizens abroad, we have expanded our Legal Attache and Liaison presence around the world to 46 offices. Our presence has enhanced the FBI's ability to bring investigative resources to bear quickly in the aftermath of terrorist acts, such as the October 2002 shooting of

USAID officer Laurence Foley in Amman and bombing of a disco in Bali. We also assist foreign liaison in following up terrorist leads around the world.

- And to strengthen our cooperation with state and local law enforcement, we are introducing counterterrorism training on a national level. We will provide specialized counterterrorism training to 224 agents and training technicians from every field division in the country so that they, in turn, can train an estimated 26,800 federal, state, and local law enforcement officers this year in basic counterterrorism.

The counterterrorism measures I have just described essentially complete the first phase of our intelligence program. We are now beginning the second phase that will focus on expanding and enhancing our ability to collect, analyze, and disseminate intelligence.

- The centerpiece of this effort is the establishment of an Executive Assistant Director for Intelligence who will have direct authority and responsibility for the FBI=s national intelligence program. Specifically, the EAD/I will be responsible for ensuring that the FBI has the optimum strategies, structure, and policies in place first and foremost for our counterterrorism mission. The EAD/I will also oversee the intelligence programs for our counterintelligence, criminal, and cyber divisions.

- Furthermore, intelligence units will be established in every field office and will function under the authority of the EAD/I.

If we are to defeat terrorists and their supporters, a wide range of organizations must work together. I am committed to the closest possible cooperation with the Intelligence Community and other government agencies. Accordingly, I strongly support the President's initiative to establish a Terrorist Threat Integration Center (TTIC) that will merge and analyze terrorist-related information collected domestically and abroad. This initiative will be crucially important to the success of our mission in the FBI, and it will take us to the next level in being able to prevent another terrorist attack on our nation.

- The FBI is playing a major role as part of the multi-agency team now working on the details, design, resource requirements and implementation process for standing up the TTIC. We will be major participants in the Center.

- We are taking steps to enhance cooperation with federal, state, and local agencies by expanding the number of joint terrorism task forces (JTTFs) from a pre 9/11 number of 35 to 66 today. The JTTFs partner FBI personnel with hundreds of investigators from various federal, state, and local agencies in field offices across the country and are important force multipliers aiding our fight against terrorism. Furthermore, over a 90-day

period beginning in March, we will provide 500 JTTF agents and state, and local law enforcement personnel with specialized counterterrorism training and, by the end of the year, basic counterterrorism training to every JTTF member. This is in addition to the training initiative I mentioned previously that will reach nearly 27,000 federal, state, and local law enforcement.

- We also have undertaken the Joint Terrorism Task Force Information Sharing Initiative (JTTF ISI) involving field offices in St. Louis, San Diego, Seattle, Portland, Norfolk, and Baltimore. This pilot project, which was first initiated in the St. Louis office, will integrate extremely flexible search tools that will permit investigators and analysts to perform searches on the "full text" of investigative files—not just indices. An analyst or investigator will be able to smoothly transition from searching text, to reviewing results, to examining source documents, to developing link diagrams, to generating map displays. In order to insure proper security, four graduated levels of security access are being built into the system.

- We created the Office of Law Enforcement Coordination (OLEC) to enhance the ability of the FBI to forge cooperation and substantive relationships with all of our state and local law enforcement counterparts. The OLEC, which is run by a former Chief of Police, also has liaison responsibilities with the White House Office of Homeland Security.

- We established the FBI Intelligence Bulletin, which is disseminated weekly to over 17,000 law enforcement agencies and to 60 federal agencies. The bulletin provides information about terrorism issues and threats to patrol officers and other local law enforcement personnel who have direct daily contacts with the general public, contacts which could result in the discovery of critical information about those issues and threats.

- In July 2002, we established the National Joint Terrorism Task Force (NJTTF) at FBI Headquarters, staffed by representatives from 30 different federal, state, and local agencies. The NJTTF acts as a "point of fusion" for terrorism information by coordinating the flow of information between Headquarters and the other JTTFs located across the country and between the agencies represented on the NJTTF and other government agencies.

- Furthermore, FBI analysts are making unprecedented efforts to reach out to the intelligence, law enforcement, government, and public sector communities. In addition to enhancing our relationships with agencies related to WMD, as I mentioned previously, we have established working relationships with a host of non-traditional agencies, including the Army Corps of Engineers and Bureau of Land Reclamation. We have also expanded our relationship with such groups as the Transportation Security Administration and the US Coast Guard.

THE FOREIGN INTELLIGENCE THREAT

Mr. Chairman, although the bulk of my statements today have focused on the terrorist threats facing this country, let me emphasize that we are not ignoring the serious threat from foreign intelligence services and their assets, who are dedicated to using any means necessary to obtain strategic information from the United States. Accordingly, I would like to take a few moments to lay out the FBI's five strategic objectives for the Counterintelligence program.

- Of all the threats facing the United States today, the most significant is the potential for an agent of any hostile group or nation to enhance the capability to produce or use weapons of mass destruction. This specifically applies to hot spots throughout the world in which the US has significant national security interests and to which worldwide de-stabilization could result. The FBI's FCI program considers this threat as the top counterintelligence priority and is focused on preventing the acquisition of WMD-related technologies from being openly or clandestinely transferred from the US Government or the private sector to any foreign power.

- It is critically important to the US Intelligence Community to demonstrate its ongoing vigilance by ensuring that its own house is in order. In this regard, the second strategic priority of the FBI's counterintelligence strategy is to implement a program that is designed to prevent any foreign power from penetrating any of the US Intelligence Community agencies in any manner. In the wake of the unfortunate experiences of the past few years, we are working closely with our counterintelligence partners to significantly enhance the ability of agencies to protect their own information, while the participating Intelligence Community ensures that penetrations do not occur.

- The government currently supports research and development in a large number of agencies, in a great many locations, many of which involve the use of thousands of government contractors. The FBI has the responsibility to assess the threat against those projects and to initiate operations that are directed at countering the threat. US Government entities, primarily the Departments of Energy and Defense, constitute the primary focus of the FBI's activity in this area. The individuals awarded research and development contracts in support of ongoing operations and war-making capabilities constitute the highest risk.

- The FBI's fourth counterintelligence strategic objective is to prevent the compromise of Critical National Assets (CNAs). The nation's CNAs are those persons, information, assets, activity, R&D technology,

infrastructure, economic security or interests whose compromise will damage the survival of the United States. CNAs are likely to reside within the US military, economy, and government as this triad is the base of power that makes the United States the superpower that it is today. The FBI has a major role in identifying the threat against these assets and assessing their overall vulnerability.

- The FBI's FCI program is responsible for conducting counterintelligence operations, focusing on countries that constitute the most significant threat to the United States' strategic objectives. The FBI is applying its efforts towards a greater understanding of the threat posed by each of these countries as they pertain to information that would further terrorism, espionage, proliferation, economic espionage, the national information infrastructure, US Government perception management, and foreign intelligence activities.

Let me conclude by saying that the nature of the threat facing the US homeland continues to evolve. The FBI is tackling this threat head-on. In order to successfully continue to do so, we, as an organization, must be flexible enough to adapt our mission and our resources to stay one step ahead of our enemies. Mr. Chairman and members of the Committee, I can assure this Committee and the American people that the men and women of the FBI recognize the need to adapt and are, in fact, transforming the FBI into a world-class intelligence agency.

I thank you for your attention and look forward to your questions.

STATEMENT OF THE HONORABLE ROBERT S. MUELLER III, DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

Director MUELLER. Thank you, Mr. Chairman.

As we enter the second year of the global war on terrorism, the United States and its allies have inflicted a series of significant defeats on al-Qa'ida and its terrorist networks, both here at home and abroad. The terrorist enemy, however, is far from defeated. Although our country's ultimate victory is not in doubt, we face a long war whose end is difficult to foresee.

Accordingly, the prevention of another terrorist attack remains the FBI's top priority. The Bureau's efforts to identify and dismantle terrorist networks have yielded successes over the past 17 months. We have charged 197 suspected terrorists with crimes, 99 of whom have been convicted to date. We have also facilitated the deportation of numerous individuals with suspected links to terrorist groups. Moreover, our efforts have damaged terrorist networks and disrupted terrorist-related activities across the country—in Portland, in Buffalo, in Seattle, in Detroit, in Chicago, and in Florida, to name but a few. Furthermore, we have successfully disrupted the sources of terrorist financing, including freezing $113 million from 62 organizations and conducting 70 investigations, 23 of which have resulted in convictions.

But despite these successes, the nature of the terrorist threat facing our country today is exceptionally complex. International terrorists and their state sponsors have emerged as the primary threat to our security, after decades in which the activities of domestic terrorist groups were a more imminent threat.

And the al-Qa'ida terrorist network is clearly the most urgent threat to U.S. interests. The evidence linking al-Qa'ida to the attacks of September 11 is clear and irrefutable. And our investigation of the events leading up to 9/11 has given rise to important insights into terrorist tactics and tradecraft which will prove invaluable as we work to prevent the next attack.

There is no question, though, that al-Qa'ida and other terrorist networks have proven adept at defending their organizations from U.S. and international law enforcement efforts. As these terrorist organizations evolve and change their tactics, we too must be prepared to evolve. Accordingly, the FBI is undergoing substantial changes, including the incorporation of an enhanced intelligence function that will allow us to meet these terrorist threats. I'd like to briefly outline these changes, but first, Mr. Chairman, I'd like to address the most significant threats facing this country today.

We start with the al-Qa'ida threat. The al-Qa'ida network will remain for the foreseeable future the most immediate and serious threat facing this country. Al-Qa'ida is the most lethal of the groups associated with the Sunni jihadist cause, but it does not operate in a vacuum. Many of the groups committed to international jihad offer al-Qa'ida varying degrees of support. FBI investigations have revealed Islamic militants in the United States, and we strongly suspect that several hundred of these extremists are linked to al-Qa'ida. The focus of their activity centers primarily on fundraising, recruitment and training. Their support structure, however, is sufficiently well developed that one or more groups

could be mobilized by al-Qa'ida to carry out operations in the United States homeland.

Despite the progress the United States has made in disrupting the al-Qa'ida network overseas and within our own country, the organization maintains the ability and the intent to inflict significant casualties in the United States with little warning. Our greatest threat is from al-Qa'ida cells in the United States that we have not yet been able to identify. Finding and rooting out al-Qa'ida members once they have entered the United States and have had time to establish themselves is our most serious intelligence and law enforcement challenge.

But in addition, the threat from single individuals sympathetic or affiliated with al-Qa'ida, acting without external support or surrounding conspiracies, is increasing. Al-Qa'ida's successful attacks on September 11 suggest the organization could employ similar operational strategies in carrying out any future attack in the United States, including those cell members who avoid drawing attention to themselves and minimize contact with militant Islamic groups in the United States. They also maintain, as we have found in the past, strict operational and communications security.

We must not assume, however, that al-Qa'ida will rely only on tried and true methods of attack. As attractive as a large-scale attack that produces mass casualties would be for al-Qa'ida, and as important as such an attack is to its credibility amongst its supporters and its sympathizers, target vulnerability and the likelihood of success are increasingly important to the weakened organization. Indeed, the types of recent smaller scale operations al-Qa'ida has directed, and aided against a wide array of Western targets outside the United States could be readily reproduced within the United States.

I'll tell you, Mr. Chairman, my greatest concern is that our enemies are trying to acquire dangerous new capabilities with which to harm Americans. Terrorists worldwide have ready access to information on chemical, biological, radiological, and nuclear weapons via the Internet. Acquisition of such weapons would be a huge morale boost for those seeking our destruction while engendering widespread fear among Americans and amongst our allies.

Although the most serious terrorist threat is from non-state actors, we remain vigilant against the potential threat posed by state sponsors of terrorism. Seven countries designated as state sponsors of terrorism—Iran, Iraq, Syria, Sudan, Libya, Cuba, and North Korea—remain active in the United States and continue to support terrorist groups that have targeted Americans.

As Director Tenet has pointed out, Secretary Powell presented evidence last week that Baghdad has failed to disarm its weapons of mass destruction, willfully attempting to evade and deceive the international community. Our particular concern is that Saddam Hussein may supply terrorists with biological, chemical, or radiological material.

Let me turn, if I could, Mr. Chairman, to some of the changes that we've brought about within the Bureau in the last year.

For nearly a century, the FBI has earned a well-deserved reputation as one of the world's premier law enforcement agencies, and for decades the FBI has remained flexible in addressing the threats

facing the nation at any given time—whether it be gangsters, civil rights violations, racketeering, organized crime, espionage, and, of course, terrorism. Since September 11, 2001, the men and women of the FBI have recognized the need for change and have embraced it. I assure this Committee and the American people that, just as the FBI earned its reputation as a world class law enforcement agency, so is it committed to becoming a world class intelligence agency. As evidence of that commitment, Mr. Chairman, I would like to spend a moment outlining some of the specific steps we have taken to address the terrorist threats facing the United States today.

To effectively wage this war against terror, we have augmented our counterterrorism resources and are making organizational enhancements to focus our priorities. On top of the resource commitment to counterterrorism we made between 1993 and 2001, we have received additional resources from Congress. We have as well shifted internal resources to increase our total staffing levels for counterterrorism by 36 percent. Much of this increase has gone towards enhancing our analytical cadre.

We have implemented a number of initiatives, including creating the College of Analytical Studies which, in conjunction with the CIA is training our new intelligence analysts. We also have created a corps of reports officers. These officers will be responsible for identifying, extracting and collecting intelligence from FBI investigations and sharing that information throughout the FBI and to other law enforcement and intelligence agencies.

I have taken a number of other actions which we believe will make the FBI a more flexible, more responsive agency in our war against terrorism. To improve our systems for threat warnings, we have established a number of specialized counterterrorism units. These include a threat monitoring unit, which among other things works hand in hand with its CIA counterpart to produce a daily threat matrix; a 24–hour counterterrorism watch to serve as the FBI's focal point for all incoming terrorist threats; two separate units to analyze terrorist communications and special technologies and applications; another section devoted entirely to terrorist financing operations; a unit to manage document exploitation—whether the documents come from Afghanistan or Pakistan or elsewhere around the world; and other such units. And to protect U.S. citizens abroad, we have expanded our legal attache and liaison presence around the world to 46 offices.

To strengthen our cooperation with state and local law enforcement, we are introducing counterterrorism training on a national level. We will provide specialized counterterrorism training to 224 agents and training technicians from every field division in the country so that they in turn can train an estimated 26,800 federal, state and local law enforcement officers this year in basic counterterrorism techniques.

To further enhance our relationship with state and local agencies, we have expanded the number of joint terrorism task forces from a pre-9/11 number of 35 to 66 today. The joint terrorism task forces partner FBI personnel with hundreds of investigators from various federal, state and local agencies in field offices across the

country and are important force multipliers aiding our fight against terrorism within the United States.

The counterterrorism measures I have just described essentially complete the first phase of our intelligence program. We are now beginning the second phase that will focus on expanding and enhancing our ability to collect, analyze and disseminate intelligence. The centerpiece of this effort is the establishment of an Executive Assistant Director for Intelligence, who will have direct authority and responsibility for the FBI's national intelligence program.

Specifically, the Executive Assistant Director for Intelligence will be responsible for ensuring that the FBI has the optimum strategies, structure, and policies in place, first and foremost for our counterterrorism mission. That person will also oversee the intelligence programs for our counterintelligence, criminal and our cyber divisions. Lastly, in the field, intelligence units will be established in every office and will function under the authority of the Executive Assistant Director for Intelligence.

If we are to defeat terrorists and their supporters, a wide range of organizations must work together. I am committed to the closest possible cooperation with the intelligence community and with other government agencies, as well as with state and local agencies—and I should not leave out our counterparts overseas. I strongly support the President's initiative to establish a terrorist threat integration center that will merge and analyze terrorist-related information collected domestically and abroad.

Mr. Chairman, let me conclude by saying that the nature of the threats facing the United States homeland continues to evolve. My complete statement, which has been submitted for the record, emphasizes that we are not ignoring the serious threat from terrorist organizations other than al-Qa'ida, from domestic, home-grown terrorists, and from foreign intelligence services. To successfully continue to address all of these threats, the FBI is committed to remaining flexible enough to adapt our mission and our resources to stay one step ahead of our enemies.

Thank you, Mr. Chairman, for the opportunity to make this statement.

Chairman ROBERTS. Thank you, Mr. Director. Let the record show that all members of the Committee have been provided a list of FBI entities that have been created to address the terrorist threat since 9/11, 2001, and I would certainly recommend that to my colleagues and to all present.

Admiral, you're next.

[The prepared statement of Admiral Jacoby follows:]

SSCI# 2003 - 0697

Current and Projected National Security Threats to the United States

Vice Admiral Lowell E. Jacoby, USN
Director, Defense Intelligence Agency

Statement For The Record
Senate Select Committee on Intelligence
11 February 2003

Defense Intelligence today is at war on a global scale. We are committed in support of military forces fighting the War on Terrorism in Afghanistan and other locations where war might take us. We provide warning and intelligence for force protection of our military deployed worldwide even as they increasingly are targeted by terrorists. Detailed intelligence is essential long before forces are deployed. This detailed effort, termed Intelligence Preparation of the Battlespace, has been ongoing for many months to support potential force employment in Iraq. Other Defense Intelligence resources are committed to careful assessment of the dangerous situation on the Korean Peninsula. Defense Intelligence is also providing global awareness, meaning we're watching for developments that might require U.S. military employment. These situations range from internal instability and threat of coups that could require evacuation of American citizens, to interdiction of shipments of materials associated with weapons of mass destruction. We recognize that we're called upon to 'know something about everything' and it's a daunting task for those already at war on a global scale. Our sustained level of crisis and operational commitment is straining personnel, equipment, and resources, and reducing time for 'sustaining' activities such as training, education, data base maintenance, and longer-term research and analysis. I am increasingly concerned that our Defense Intelligence capability is being stretched too thin and that we are being forced to sacrifice longer term capabilities in order to respond to today's requirements.

Near Term Priorities

Within the broader global context, my most important current priorities are supporting the Global War on Terrorism, retaining our readiness to support any military missions that may be assigned, Iraq, monitoring the North Korea situation, and maintaining the global situational awareness required to warn decision-makers of emerging crises.

Global Terrorism. Despite our significant successes to date, terrorism remains the most immediate threat to U.S. interests at home and abroad. A number of terrorist groups – including the FARC in Colombia, various Palestinian organizations, and

Lebanese Hizballah – have the capability to do us harm. But I am most concerned about the al-Qaida network.

Al-Qaida retains a presence on six continents, with key senior leaders still at large. It has a corps of seasoned operatives and draws support from an array of legitimate and illegitimate entities. The network is adaptive, flexible, and arguably, more agile than we are. Eager to prove its capabilities in the wake of significant network losses, al-Qaida had its most active year in 2002 – killing hundreds in Bali, striking a French oil tanker off the coast of Yemen, attacking Marines and civilians in Kuwait, murdering a U.S. diplomat in Jordan, bombing a hotel popular with foreign tourists in Mombassa, attacking a synagogue in Tunisia, and attempting to down an Israeli airliner.

Al-Qaida remains focused on attacking the U.S., but I expect increasing attacks against our allies – particularly in Europe – as the group attempts to widen its campaign of violence and undermine coalition resolve. I'm also very concerned about the potential for more attacks using portable surface-to-air missiles (SAMs) with civilian airliners as the key target. Al-Qaida and other terrorist groups are seeking to acquire chemical, biological, radiological, and nuclear capabilities, and we are working to prevent their use of weapons of mass destruction (WMD). Radiological Dispersal Devices (RDD) or 'dirty bombs,' pose a particular problem. An RDD is simple to make, consisting of conventional explosives and radiological materials widely available from legitimate medical, academic, and industrial activities.

Iraq. Saddam Hussein appears determined to retain his WMD and missile programs, reassert his authority over all of Iraq, and become the dominant regional power. He recognizes the seriousness of the current situation, but may think he can 'outwit' the international community by feigning cooperation with UN weapons inspectors, hiding proscribed weapons and activities, playing on regional and global 'anti-American' sentiments, and aligning himself with the 'Palestinian cause.' Saddam's penchant for brinksmanship and miscalculation increases the likelihood that he will continue to defy international will and refuse to relinquish his WMD and related

programs. Should military action become necessary to disarm Saddam, he will likely employ a host of desperate measures.

- Saddam's conventional military options and capabilities are limited, but I expect him to preemptively attack the Kurds in the north, conduct missile and terrorist attacks against Israel and U.S. regional or worldwide interests – perhaps using WMD and the regime's links with al-Qaida.

- He will certainly attempt to energize 'the Arab street,' calling for attacks against U.S. and allied targets and encouraging actions against Arab governments that support us.

- If hostilities begin, Saddam is likely to employ a 'scorched-earth' strategy, destroying food, transportation, energy, and other infrastructures, attempting to create a humanitarian disaster significant enough to stop a military advance. We should expect him to use WMD on his own people, to exacerbate humanitarian conditions, complicate allied operations, and shift world opinion away from his own transgressions by blaming us.

North Korea. Pyongyang's open pursuit of additional nuclear weapons is the most serious challenge to U.S. regional interests in a generation. The outcome of this current crisis will shape relations in Northeast Asia for years to come. While the North's 'new' hard-line approach is designed to draw concessions from the United States, Pyongyang's desire for nuclear weapons reflects a long term strategic goal that will not be easily abandoned. Three factors complicate the issue.

- North Korea's chronic proliferation activities are troubling in their own right today, and an indication that the North would be willing to market nuclear weapons in the future.

- Development of the Taepo Dong 2 (TD-2) missile, which could target parts of the U.S. with a nuclear weapon-sized payload in the two-stage configuration, and has the range to target all of North America if a third stage were used.

- Pyongyang's significant military capabilities, composed of large, forward deployed infantry, armor, and artillery forces, a full range of WMD (including perhaps two nuclear weapons), and hundreds of short-and-medium range missiles, capable of striking all of South Korea and Japan. War on the peninsula would be violent, destructive, and could occur with very little warning.

Pyongyang will continue its hard-line rhetoric, while moving forward with 'start-up' and reprocessing activities at the Yongbyon nuclear facility. Kim Chong-il has a number of options for ratcheting-up the pressure, to include: increasing efforts to drive a wedge between the U.S. and other regional states; provocative actions along the Demilitarized Zone; increasing military training and readiness; and conducting large-scale military exercises or demonstrations, including a missile launch or nuclear weapons test.

Global Situational Awareness. While Terrorism, Iraq, and North Korea have our immediate attention, they are not the only challenges we face. We must assess global developments to provide strategic warning on a wide spectrum of potential threats. We continue to generate the requisite intelligence to give our leaders the opportunity to preclude, dissuade, deter, or defeat emerging threats.

Enduring Global Realities

The situations outlined above, and others we have to contend with, have their basis in a number of 'fundamental realities' at work in the world. These are enduring – no power, circumstance, or condition is likely to emerge in the next decade capable of overcoming them and creating a less turbulent global environment. Collectively, they create the conditions from which threats and challenges emerge, and they define the context in which U.S. strategy, interests, and forces operate.

Reactions to U.S. Dominance. Much of the world is increasingly apprehensive about U.S. power and influence. Many are concerned about the expansion, consolidation, and dominance of American values, ideals, culture, and institutions. Reactions to this sensitivity to growing 'Americanization' can range from mild 'chafing' on the part of our friends and allies, to fear and violent rejection on the part of our adversaries. We should consider that these perceptions, mixed with angst over perceived 'U.S. unilateralism' will give rise to significant anti-American behavior.

Globalization. The increasing global flow of money, goods, services, people, information, technology, and ideas remains an important influence. Under the right conditions, globalization can be a very positive force, providing the political, economic, and social context for sustained progress. But in those areas unable to exploit these advantages, it can leave large numbers of people seemingly worse off, exacerbate local and regional tensions, increase the prospects and capabilities for conflict, and empower those who would do us harm. Our greatest challenge may be encouraging and consolidating the positive aspects of globalization, while managing and containing its 'downsides.'

Uneven Economic and Demographic Growth. The world will add another billion people over the next 10 to 15 years, with 95 percent of that increase occurring in developing nations. Rapid urbanization continues – some 20-30 million of the world's poorest people migrate to urban areas each year. Economic progress in many parts of Asia, Africa, the Middle East, and Latin America will not keep pace with population increases. These conditions strain the leadership, resources, and infrastructures of developing states. Corrupt and ineffective governments particularly are unable to cope. Their actions marginalize large numbers of people, foster instability, spawn ethnic, religious, and cultural conflict, create lawless safe-havens, and increase the power of dangerous non-state entities. In some areas, particularly in the Middle East, rising unemployment among expanding youth populations, stagnant or falling living standards,

ineffective governments, and decaying infrastructures create environments conducive to extremist messages.

General Technology Proliferation. Advances in information processing, biotechnology, communications, materials, micro-manufacturing, and weapons development are having a significant impact on the way people live, think, work, organize, and fight. New vulnerabilities, interdependencies, and capabilities are being created in both advanced and less developed states. The globalization of 'R&D intensive' technologies is according smaller countries, groups, and individuals access to capabilities previously limited to major powers. The integration of various advancements, and unanticipated applications of emerging technologies, makes it extremely difficult to predict the technological future. Surprises will result. Some aspects of our technological advantage are likely to erode.

Weapons of Mass Destruction and Missile Proliferation. The long-term trends with respect to WMD and missile proliferation are bleak. States seek these capabilities for regional purposes, or to provide a hedge to deter or offset U.S. military superiority. Terrorists seek greater physical and psychological impacts. The perceived 'need to acquire' is intense and, unfortunately, globalization provides a more amenable proliferation environment. Much of the technology and many of the raw materials are readily available. New alliances have formed, pooling resources for developing these capabilities, while technological advances and global economic conditions make it easier to transfer materiel and expertise. The basic sciences are widely understood, although the complex engineering tasks required to produce an effective weapons capability are not achieved easily.

Some 25 countries possess or are actively pursuing WMD or missile programs. The threat to U.S. and allied interests will grow during the next decade.

- ***Chemical and biological weapons.*** These are generally easier to develop, hide, and deploy than nuclear weapons and are more readily available. Over a dozen states

have biological or chemical warfare programs, including stockpiles of lethal agents. The associated technologies are relatively inexpensive, and have 'legitimate' uses in the medical, pharmaceutical, and agricultural industries. Detection and counter proliferation are very difficult. I expect these weapons will be used in a regional conflict and by a terrorist group.

- ***Nuclear weapons.*** Iran and Iraq have active nuclear programs and could have nuclear weapons within the decade. North Korea is seeking additional fissile material to increase its nuclear stockpile and its withdrawal from the Nuclear Non-Proliferation Treaty – the first state ever to do so – may prompt other nations to rethink their positions on nuclear weapons. India and Pakistan will increase their inventories and seek to improve associated delivery systems.

- ***Ballistic and cruise missiles.*** In addition to existing Russian and Chinese capabilities, by 2015 the U.S. will likely face new ICBM threats from North Korea, Iran, and possibly Iraq. Meanwhile, the proliferation of theater-range ballistic and cruise missiles, and associated technologies, is a growing challenge. The numbers, ranges, accuracies, mobility, and destructive power of these systems will increase significantly, providing many states capabilities to strike targets within and beyond their region.

- ***Proliferation.*** Russia, China, and North Korea are the suppliers of primary concern, but I expect an increase in Pakistani and Iranian proliferation. Russia remains involved in ballistic missile and nuclear programs in Iran. China has provided missile assistance to Iran and Pakistan, and may be connected to nuclear efforts in both states. North Korea is the world's primary source of ballistic missiles and related components and materials. Finally, I worry about the prospect of secondary proliferation – today's technology importers becoming tomorrow's exporters. Iran is beginning to provide missile production technologies to Syria. Over time, Iran, like North Korea today, may have the capability to export complete missile systems. It is also critical for governments that are not involved in proliferation to strengthen export

control laws and enforcement to prevent entities from proliferating sensitive technologies.

Declining global defense spending. Global defense spending has dropped 50% during the past decade and, with the exception of some parts of Asia, is likely to remain limited. This trend will have multiple impacts. First, both adversaries and allies will not keep pace with the U.S. military. This drives foes toward 'asymmetric options,' widens the capability gap between U.S. and allied forces, and increases the demand on unique U.S. force capabilities. Additional, longer-term impacts on global defense technology development and on U.S.-allied defense industrial cooperation and technological competitiveness are likely. Finally, defense resource constraints, declining arms markets, and globalization are leading to a more competitive global armaments industry. In this environment, technology transfer restrictions and arms embargoes will be more difficult to maintain, monitor, and enforce.

International crime. Criminal groups in Western Europe, China, Colombia, Israel, Japan, Mexico, Nigeria, and Russia are broadening their global activities and are increasingly involved in narcotics trafficking, alien smuggling, and illicit transfers of arms and other military technologies. My major concern is over the growing link between terrorism and organized crime, especially the prospect that organized criminal groups will use their established networks to traffic in nuclear, biological, and chemical weapons, and to facilitate movement of terrorist operatives.

Increasing numbers of people in need. A host of factors – some outlined above – have combined to increase the numbers of people facing deepening economic stagnation, political instability, and cultural alienation. These conditions provide fertile ground for extremism. Their frustration is increasingly directed at the U.S. and the West.

Other Regional Issues

There are a number of other regional situations we must monitor because of their potential to develop into more serious challenges.

Israeli-Palestinian Violence. The prolonged Israeli-Palestinian conflict is furthering anti-American sentiment, increasing the likelihood of terrorism directed at U.S. interests, increasing the pressure on moderate Middle East regimes, and carries with it the potential for wider regional conflict. With each side determined to break the other's will, I see no end to the current violence.

Tension Between India and Pakistan. After last year's military standoff along the Line-of-Control (LOC), both Islamabad and Delhi took steps to defuse tensions. But with the Kashmir situation still unresolved and with continued cross border infiltration from Pakistan, the potential for miscalculation remains high, especially in the wake of some violent 'triggering' event such as another spectacular terrorist attack or political assassination. Both sides retain large forces close to the tense LOC and continue to develop their WMD and missile programs. Recent elections have hardened India's resolve and constrain Musharraf's ability to offer additional concessions.

Pressures in the Muslim World. The Islamic would is sorting through competing visions of what it means to be a Muslim state in the modern era. Unfavorable demographic and economic conditions and efforts to strike a balance between modernization and respect for traditional values are exacerbated by the global war on terrorism, continued Israeli-Palestinian violence, and the Iraqi situation. This fosters resentment toward the West and makes it difficult to define the vision of a modern Islamic state. These pressures will be most acute in states important to the U.S., including Pakistan, Afghanistan, Indonesia, Egypt, Jordan, and Saudi Arabia. Even in countries where Muslim populations are a minority, such as the Philippines, there are threats from the extremist fringe bent on the violent overthrow of democratic rule.

- ***Pakistan.*** While Pakistan is making progress in its return to a functioning democracy, President Musharraf faces significant political and economic challenges and continued opposition. Musharraf claims little influence over the Kashmiri militants and other religious extremists, and Pakistan does not completely control

areas in the northwest where concentrations of al-Qaida and Taliban remain. Popular hostility to the United States is growing, driven in part by cooperation between Washington and Islamabad against terrorism. Islamist opponents of the current government, or religious extremists, could try to instigate a political crisis through violent means. Coup or assassination could result in an extremist Pakistan.

- ***Afghanistan.*** President Karzai is making progress in stabilizing the political situation, but continues to face challenges from some local and regional leaders, criminals, and remnant al-Qaida and Taliban elements. Assassination of President Karzai would fundamentally undermine Afghan stability.

- ***Indonesia.*** President Megawati is attempting to deal with serious social and economic problems and to confront Islamic extremists, without undermining her support from moderate Muslims. Her failure would increase the popular appeal of radical elements.

- ***Egypt, Jordan, Saudi Arabia.*** The leadership in all three countries is subject to increased pressure, but each probably has the capacity to contain serious unrest. However, in a worst-case scenario of mass protests that threatened regime control, their support for U.S. basing, overflights, and the war on terrorism would likely be withdrawn.

Other Major Regional Actors

Iran. As the recent protests in Tehran attest, Iran is a country with growing internal tensions. Most Iranians want an end to the clerical rule of the Ayatollahs. Mohammed Khatami, Iran's president, received the bulk of his now-waning support from minorities, youths, and women when he first won the elections. He is also vulnerable to being forced aside by the religious conservatives who have held power since 1979. Iran's conservatives remain in control and continue to view the U.S. with hostility. Iran remains the leading state-sponsor of terrorism. For instance, it has provided safe-haven to al-Qaida and remains the principal source of military supplies and financial support for

Hizballah. For these reasons, I remain concerned with Tehran's deliberate military buildup.

- Iran is pursuing the fissile material and technology required to develop nuclear weapons. It uses its contract with Russia for the civilian Bushehr nuclear reactor to obtain sensitive dual-use technologies that directly support its weapons program. If successful, Tehran will have a nuclear weapon within the decade.

- Iran has a biological warfare program and continues to pursue dual-use biotechnology equipment and expertise from Russian and other sources. It maintains a stockpile of chemical warfare agents and may have weaponized some of them into artillery shells, mortars, rockets, and aerial bombs.

- Teheran has a relatively large ballistic missile force – hundreds of Chinese CSS-8s, SCUD Bs and SCUD Cs – and is likely assembling additional SCUDs in country. It is also developing longer-range missiles and continues to test the Shahab-3 (1,300 km range). Iran is pursing the technology to develop an ICBM/space launch vehicle and could flight test that capability before the end of the decade. Cooperation with Russian, North Korean, and Chinese entities is critical to Tehran's ultimate success.

- Iran's navy is the most capable in the region and could stem the flow of oil from the Gulf for brief periods by employing a layered force of diesel-powered KILO submarines, missile patrol boats, naval mines, and sea and shore-based anti-ship cruise missiles. Aided by China, Iran is developing potent anti-ship cruise missile capabilities and is working to acquire more sophisticated naval capabilities.

Russia. Moscow's muted reaction to NATO enlargement and the U.S. withdrawal from the ABM Treaty, its cooperation in the war on terrorism, and its acceptance of a U.S. military presence in Central Asia emphasize President Putin's commitment to closer integration with the West. I am hopeful the current cooperative atmosphere can be built upon to form a more positive and lasting security relationship.

That said, there are no easy solutions to the tremendous challenges confronting Russia. I remain concerned about Russian proliferation of advanced military and WMD technologies, the security of its nuclear materials and weapons, the expanding global impact of Russian criminal syndicates, and unfavorable demographic trends.

Meanwhile, the Russian Armed Forces continue in crisis. Moscow's defense expenditures are inadequate to overcome the problems associated with a decade of military neglect, much less fund Russia's plans for military reform, restructuring, and modernization. Even priority strategic systems have not been immune to the problems affecting the Russian military. The deployment of the SS-27 ICBM is now several years behind schedule. Overall system aging, chronic underfunding, and arms control agreements ensure that Russian strategic warhead totals will continue to decline – from approximately 4,500 operational today to a level near 1,500 by 2010. For at least the next several years, the military will continue to experience shortfalls in pay, housing, procurement, and training. These factors, the war in Chechnya, and inconsistent leadership, will undermine morale and readiness.

China. In November 2002, the Chinese Communist Party (CCP) held its 16th Congress. Vice President Hu Jintao was selected as CCP General Secretary and Jiang Zemin was re-appointed Chairman of the Central Military Commission. Beijing is stressing stability during this period of transition and I expect few changes to China's national priorities, including military modernization.

- China's total military spending will continue growing at about the same rate as the economy. Beijing spent between $40 and $65 billion on defense last year (about 5% of GDP) and is content with that rate of investment.

- Strategic force modernization is a continuing priority. China is becoming less reliant on the vulnerable, silo-based CSS-4 ICBM by transitioning to a mix of more survivable, mobile, and solid propellant ICBMs. Three new strategic missiles will likely be fielded: the road-mobile DF-31, an extended range DF-31 variant, and a new

submarine launched ballistic missile, which will deploy on a new ballistic missile submarine.

- The People's Liberation Army will sustain its focus on acquiring high-technology arms – especially air, air defense, anti-submarine, anti-surface ship, reconnaissance, and battle management capabilities – and will continue to emphasize the professionalization of the officer corps. These elements are essential to Beijing's force design concept – pursing the capability to operate against a 'high-technology' opponent employing long-range precision strike capabilities – in other words, the United States. China also is rapidly expanding its conventionally-armed theater missile force, some of which can target U.S. bases in the region, to provide increased leverage against Taiwan and, to a lesser extent, other U.S. Asian allies.

Coping With U.S. Power

Our opponents understand they cannot match our political, economic, and military power. Accordingly, they seek to avoid decisive engagements and act indirectly, hoping to extract a price we are unwilling to pay, or to present us with capabilities and situations we cannot react to in a timely manner. They want to fundamentally change the way others view the United States. This could include: undermining our political, economic, and social infrastructures, thwarting U.S. global leadership, undermining our will to remain globally engaged, and curtailing the global appeal of our ideas, institutions, and culture.

Threats to the Homeland. Many adversaries believe the best way to avoid, deter, or offset U.S. power is to develop a capability to threaten the U.S. homeland. In addition to the traditional threat from strategic nuclear missiles, our national infrastructure is vulnerable to physical and computer attack. The interdependent nature of the infrastructure creates more vulnerability, because attacks against one sector – the electric power grid for instance – would impact other sectors as well. Many defense-related critical infrastructures are vulnerable to a wide range of attacks, especially those that rely on commercial sector elements with multiple, single points of failure. Foreign states

have the greatest attack potential (in terms of resources and capabilities), but the most immediate and serious threat today is from terrorists carrying out well-coordinated strikes against selected critical nodes. Al-Qaida has spoken openly of targeting the U.S. economy as a way of undermining our global power and uses publicly available Internet web sites to reconnoiter American infrastructure, utilities, and critical facilities.

The Intelligence Threat. We continue to face extensive intelligence threats targeted against our national security policy-making apparatus, national infrastructure, military, and critical technologies. The open nature of our society, and the ease with which money, technology, information, and people move around the globe, make counterintelligence and security difficult. Sensitive business information and advanced technologies are increasingly at risk as both adversaries and allies conduct espionage against the private sector. They seek technological, financial, and commercial information that will provide a competitive edge in the global economy. Several countries continue to pose a serious challenge, prioritizing collection against U.S. military and technological developments, and diplomatic initiatives. The threat from these countries is sophisticated and increasing. They target our political, economic, military, and scientific information, and their intelligence services have demonstrated exceptional patience and persistence in pursuing priority targets.

Information Operations. Adversaries recognize our reliance on advanced information systems and understand that information superiority provides the U.S. unique advantages. Accordingly, numerous potential foes are pursuing information operations capabilities as a means to undermine domestic and international support for U.S. actions, attack key parts of the U.S. national infrastructure, and preclude our information superiority. Information operations can involve psychological operations, physical attacks against key information nodes, and computer network attacks. These methods are relatively inexpensive, can have a disproportionate impact on a target, and offer some degree of anonymity. I expect this threat to grow significantly over the next several years.

Counter-Transformational Challenges. For at least the next decade, adversaries who contemplate engaging the U.S. military will struggle to find ways to deal with overwhelming U.S. force advantages. They will take the time to understand how we operate, will attempt to identify our strengths and vulnerabilities, and will pursue operational and technological initiatives to counter key aspects of the 'American Way of War.' They will focus extensively on the transformation goals that will drive U.S. military developments, and will pursue programs that promise affordable 'counter-transformational' capabilities. Accordingly, I expect our potential enemies will continue to emphasize the following:

- ***WMD and precision weapons delivery capabilities*** that allow effective targeting of critical theater bases of operation, personnel concentrations, and key logistics facilities and nodes, from the earliest stages of a campaign. My expectation is that during the next decade, a number of states will develop precision attack capabilities roughly equivalent to what the U.S. fielded in the mid-1990s. These will increasingly put our regional bases and facilities at risk.

- ***Counter-access capabilities*** designed to deny access to key theaters, ports, bases, and facilities, and critical air, land, and sea approaches. I am especially concerned about the global availability of affordable and effective anti-surface ship systems (cruise missiles, submarines, torpedoes, naval mines), and a number of other long-range interdiction and area denial technologies. Our adversaries will attempt to exploit political, social, and military conditions in a number of host-nations to complicate the future overseas basing environment for the U.S.

- ***Counter-precision engagement capabilities*** focused on defeating our precision intelligence and attack systems. This includes the growing availability of global positioning system (GPS) jammers, the increased use of denial and deception (including decoys, camouflage, and underground facilities), the proliferation of advanced air defense systems, more mobile and survivable adversary strike platforms (especially missiles), and improved efforts to complicate our targeting process by

using 'human shields,' or by locating other high-value assets in 'no-strike areas' (urban centers, or near hospitals, schools, religious facilities, etc.).

- ***Space and space-denial capabilities.*** Adversaries recognize the importance of space and will attempt to improve their access to space platforms, either indigenous or commercial. Worldwide, the availability of space products and services is accelerating, fueled by the proliferation of advanced satellite technologies and increased cooperation among states. While generally positive, these developments provide unprecedented communications, reconnaissance, and targeting capabilities to our adversaries.

  A number of potential foes are also developing capabilities to threaten U.S. space assets. Some countries already have systems, such as satellite laser range-finding devices and nuclear-armed ballistic missiles, with inherent anti-satellite capabilities. A few countries have programs that could result in improved space object tracking, electronic warfare or jamming, and kinetic or directed energy weapons. But these techniques are expensive and won't be widely available in the next ten years. Other states and non-state entities are pursuing more limited, though potentially effective, approaches that don't require large resources or a high-tech industrial base. These tactics include denial and deception, signal jamming, and ground segment attack.

Closing Thoughts

As I have noted above, a wide array of threats exists today and others are developing over time. Collectively, these challenges present a formidable barrier to our vision of a secure and prosperous international order.

Against this backdrop, the old defense intelligence threat paradigm, which focused primarily on the military capabilities of a small set of potential adversary states, no longer addresses the entire threat spectrum. More importantly, the emerging threats cannot be dismissed as 'lesser included cases.' In this environment, traditional concepts of security, threat, deterrence, intelligence, warning, and military superiority are not

adequate. We must adapt and respond to these new conditions just as our enemies pursue new ways to diminish our overwhelming power.

While the challenges facing us are daunting, I am enthusiastic about the unique opportunity we have to transform our capabilities, personnel, and processes to better address the changing security environment. The intelligence transformation process – intended to improve our capability to provide strategic warning, better facilitate effects-based campaigns, provide greater insights into adversaries' intentions, improve preparation of the intelligence and operational battlespace, and more effectively support homeland defense – will be the centerpiece of my tenure as Director, Defense Intelligence Agency.

The Defense Intelligence community – composed of DIA, the Service Intelligence Centers, and the Combatant Command Intelligence Centers – is working hard to develop the processes, techniques and capabilities necessary to handle the current threat as well as new and emerging security challenges. As I said at the outset, we are at war on a global scale and the task is daunting. With your continued support, I am confident we will be able to provide our decision-makers with the intelligence they need.

STATEMENT OF VICE ADMIRAL LOWELL E. JACOBY, USN, DIRECTOR, DEFENSE INTELLIGENCE AGENCY

Admiral JACOBY. Thank you, Mr. Chairman. My more detailed statement for the record addresses a number of substantive threats and concerns, many of which were covered by Director Tenet in his opening statement. I look forward to further discussions on those subjects during the question-and-answer session to follow.

What I'd like to do with these brief opening remarks is give my perspective on the state of defense intelligence today and outline plans for transforming our capabilities, personnel and processes to better address the security—the very quickly-changing security environment.

As I said in my written statement, defense intelligence is at war on a global scale, and all of our resources, people and systems are completely engaged. I would also note, Mr. Chairman, that the two members of your staff that you recognized at the beginning of the hearing are representative of a tremendous number of intelligence reservists who are serving and have served and are still to be called to support these efforts.

Given the current state of the world and the likely future, I expect that these conditions will continue indefinitely. We're committed in support of our military forces fighting the war on terrorism in Afghanistan and other locations, such as the southern Philippines, where that war might take us. We support our military forces deployed worldwide, even as they increasingly are targeted by terrorists.

As you know, Mr. Chairman, detailed intelligence is essential long before our forces actually deploy. This effort, termed intelligence preparation of the battle space, has been ongoing for many months to support potential force deployment in Iraq. Meanwhile, other defense intelligence resources are committed to a careful assessment of the dangerous situation on the Korean peninsula.

Beyond these obvious priorities, defense intelligence is providing global awareness, meaning that we are watching every day for developments that might be of concern or might require U.S. military employment. These situations include such varying things as internal instability and the threat of coups that could require evacuation of American citizens, and interdiction of shipments and material associated with weapons of mass destruction.

We recognize that we must know something about everything or are expected to know something about everything, and that is a daunting task when we're already at war on a global scale. Our prolonged high level of commitment is straining personnel, equipment and resources and is reducing capacity for sustaining activities such as training, education, data-base maintenance and longer-term research and analysis.

I'm increasingly concerned that defense intelligence is being stretched too thin and we have no choice but to sacrifice important longer-term efforts to respond to today's requirements. These longer-term efforts include weapons proliferation, instability in several key states and regions, and assessments with respect to Russia, China, South Asia, parts of Europe, Latin America and the Middle East.

The old defense intelligence threat paradigm, which focused primarily on the military capabilities of a small set of potential adversary states, no longer applies. More importantly, today's concerns are not lesser-included cases. In the emerging environment, traditional concepts of security, deterrence, intelligence, warning and military superiority are not adequate. We must adapt our capabilities to these new conditions just as potential adversaries pursue new ways to diminish our overwhelming power.

While the challenges facing us are daunting, I am enthusiastic about the opportunity we have to fundamentally change our defense intelligence capabilities. Defense intelligence transformation will be the center point of my tenure as Director.

To be successful, we must move out in a number of areas. First, we must improve our analytic capabilities. We must be able to rapidly convert information into knowledge. That is what we pay our analysts to do, and we must ensure that they have immediate access to all sources of data and are supported by cutting-edge information technologies.

To be successful, we must shift our collection paradigm from reconnaissance to surveillance, discard the notion that the collectors own the information they collect, and create a collection strategy that ensures all relevant capabilities—national, theater, tactical and commercial—are developed and applied as a system of systems to ensure targeted, intrusive and persistent access to an adversary's true secrets.

We also must field information management tools that encompass the best commercial-sector practices and applications.

Finally, recognizing that knowledge in the heads of our people is our most precious commodity, we must recruit, train and retain intelligence professionals with the right mix of experience, skills, abilities and motivations. The importance of the human dimension will only increase as our reliance on judgment and predictive analysis is challenged by an increasingly ambiguous security environment and significantly larger quantities of information.

We're working hard to address these issues and to develop the processes, techniques and capabilities necessary to address the current threat and deal with emerging challenges. With your continued support, I'm confident we'll be able to provide our warfighters, policymakers and planners assured access to the intelligence they need.

Thank you, Mr. Chairman. I look forward to the question session.

Chairman ROBERTS. Okay, we thank you, Admiral.

And now we look forward to the statement by Assistant Secretary Ford.

[The prepared statement of Mr. Ford follows:]

SSCI# 2003 - 0752

Statement Before the Senate Select Committee on Intelligence
by
Carl W. Ford, Jr.
Assistant Secretary of State for Intelligence and Research
Department of State
February 11, 2003

Current and Projected Threats to the National Security of the United States

(U) Chairman Roberts, Vice Chairman Rockefeller, members of the committee: I am pleased to have the opportunity today to present INR's views on current and projected threats to the United States. Rather than repeat the threats enumerated by DCI Tenet and Admiral Jacoby, I would like to highlight the threat to US interests posed by al-Qaida terrorists, especially in Afghanistan, Pakistan, Iran and Iraq. I will conclude with a brief statement on the wide array of other issues on the Secretary's agenda.

Al-Qaida

(U) Al-Qaida continues to pose the most immediate and dangerous threat of attack against the US homeland and against Americans and American interests around the world. This is so despite its having taken heavy hits as a result of worldwide counterterrorism efforts. Stronger cooperation between the US and its coalition partners, arrests of key al-Qaida facilitators and operatives, and increased security measures have forced the group to rely on smaller-scale attacks against softer targets. Though this does not mean that large-scale attacks are out of the question, we believe al-Qaida has been hurt by our efforts and is now less capable than it was in 2001. US success against al-Qaida has been substantial, especially in the second half of 2002, but it remains a serious threat to international security.

(U) Despite our counterterrorism successes, we know that al-Qaida has a "second string" ready to step in to try to resume the efforts of arrested individuals. Logistics networks appear to remain active with secondary personnel who are prepared to continue attack planning in the event of arrests. The organization's co-optation of some local officials is also of concern as the group has been forced to operate in environments that are less friendly than Afghanistan under the Taliban.

(U) Al-Qaida may be stepping up its attempts—unsuccessfully so far—to broaden its support base among Muslims. Al-Qaida, for example, has been persistent in its efforts to exploit Muslim support for Palestinians. We may also see more attacks by groups that have cooperated with or received support from al-Qaida in the past, along the lines of the attack in Bali or the seizure of the theater in Moscow. Al-Qaida will continue to choose its targets carefully so that the attacks can be used to win support from potential allies.

(U) With the cooperation of our allies and the UN, we have managed to freeze millions in terrorist funds. We still have much work to do in this area, particularly in assisting countries to strengthen their financial systems. Additional efforts need to be made to address informal methods of transferring funds. Front companies and charitable organizations are also problematic.

(U) Al-Qaida has recently engaged in small-scale operations out of temporary bases. Many of these smaller groups remain, as expected, in the Middle East; others have ventured to new areas. Administrative centers, however, appear to remain in traditional areas of concentration in the Persian Gulf states, Afghanistan, and Pakistan.

Afghanistan

(U) Though I have highlighted here the dispersal of terrorists from Afghanistan, the fight there is not over. We have deprived al-Qaida of its secure, large-scale operational base in Afghanistan, but that country, and the region more generally, remain a key area of operations for al-Qaida with respect to leadership, haven, attack planning, and logistics, as well as a target area. Al-Qaida leaders probably continue to move in and out of Afghanistan or remain hidden along the border. Several experienced combat commanders doubtless remain in Afghanistan and may be involved in planning operations against US and coalition forces.

Pakistan, Iran, and al-Qaida

(U) Al-Qaida appears to maintain an operational presence in Pakistan and Iran. The government of Pakistan has been a key partner in Operation Enduring Freedom and in our global war on terrorism, but despite its best efforts al-Qaida continues to use Pakistan for transit, haven, and as a staging area for attacks. Though extremists have faced detention and deportation in Iran, al-Qaida operatives have been able to maintain a significant presence there as well. Al-Qaida leaders in Iran play important roles in logistics and attack planning against targets outside the region.

Al-Qaida and Iraq

(U) As Secretary Powell explained to the United Nations General Assembly last week, Iraq has a long history of supporting terrorist groups, from the Abu Nidal Organization and the Palestinian Liberation Front to Hamas and the Palestinian Islamic Jihad. Saddam's continued support for these organizations puts him squarely in violation of UNSCR 687 and, by extension in breach of UNSCR 1441. But beyond his violation of these UN Security Council Resolutions, his growing relationship with al-Qaida marks a clear and present danger, not only to the United States, but to the world.

(U) Al-Qaida's presence in Iraq has grown since 9/11, including inside Baghdad. We know that Abu Mus'ab al-Zarqawi spent considerable time in Baghdad during 2002, and has a network of operatives in northern Iraq in an area under the control of Ansar al-

Islam. This network has been working steadily to produce toxic substances which are ready for deployment, based on recent arrests in Europe. Zarqawi controls operations outside Iraq as well, as evidenced by the assassination of USAID representative to Jordan, Lawrence Foley, in which the perpetrators reported they were acting with support from Zarqawi. Though we do not know the specific operational details of Iraq's relationship with al-Qaida yet, we do know that neither Iraq nor al-Qaida would have any compunction about using WMD in terrorist attacks against civilians. Based on the weight of our current information, I believe that al-Qaida operatives inside Iraq have positioned themselves so that they could launch operations with little or no warning.

(U) The intensifying relationship I have described is quite logical. Our Global War on Terror has gained momentum, denying al-Qaida camps, bases, and havens throughout the Middle East and South Asia. Iraq has become increasingly attractive following losses elsewhere and Saddam has given no indication that he considers Iraq's increasing attractiveness a problem. In fact, it has been just the reverse. Saddam has allowed al-Qaida not only transit, but increasingly, secure bases from which to plan terrorist attacks. Given al-Qaida's interest in acquiring WMD to carry out mass casualty attacks against the United States, and Saddam's past provision of training and safehaven, we cannot rule out the possibility that Saddam will provide the WMD capabilities al-Qaida continues to seek. It is also possible that al-Qaida will simply find a way to procure these items from Iraqi sources or to steal them. As al-Qaida faces continued disruption outside and the loss of territory and personnel, Iraq becomes more attractive and the terrorist threat emanating from Iraq correspondingly grows.

Other Threats

(U) Though INR has stepped up its analytical coverage of terrorism threats, it has not done so by devoting less attention to other threats to the well-being of Americans here and abroad. INR has a standing requirement to support the Secretary of State with all-source analysis of all threats in all regions at all times. We know from painful experience that, even with significant intelligence collection efforts, threats can come unexpectedly, sometimes in remote places and perhaps by obscure groups. Threats can arise via WMD smuggling among states and non-state actors intent on subverting the international non-proliferation regime. At the same time, they can come from rebel factions using cheap weapons to intimidate and even kidnap civilians as well as American tourists.

(U) Al-Qaida, Iraqi WMD programs, and North Korean nuclear reactivation have dominated the attention of world leaders, but many other threats engage the work of State Department policymakers.

(U) We have learned that no place is safe—neither skyscrapers in bustling downtowns nor resorts on idyllic beaches—and INR is helping to meet that challenge in support of the new Department for Homeland Security. Over the past year, INR has been working with other bureaus in the State Department and with other federal agencies to expand its pioneering TIPOFF system to help keep terrorists from entering the United States. INR

has an extensive coordination network throughout the Intelligence Community that supports not just counterterrorism, but all international affairs priorities.

(U) The key to INR's global coverage of all threats to US national security is our experienced staff. INR boasts some of the best analysts in the Intelligence Community; they understand and can explain to policymakers the local, national, and international context in which each new threat arises. Their knowledge is critical to State Department efforts to support the war on terrorism by ensuring that whatever specific counterterrorism objectives are chosen, policymakers will be able to pursue them with the best possible understanding of the conditions surrounding the threat and probable consequences of policy options.

(U) Mr. Chairman, good intelligence-based analysis is critical for all those engaged in mitigating the impacts of terrorism—not just war fighters, but also diplomats who are forging coalition agreements with other governments and perhaps even those who are assisting victims of terrorism. INR is proud of its contribution to the war on terrorism and in countering other threats to our citizens and American interests. We will continue to assist the Secretary of State by providing the very best intelligence support possible.

STATEMENT OF THE HONORABLE CARL W. FORD, JR., ASSISTANT SECRETARY OF STATE FOR INTELLIGENCE AND RESEARCH

Mr. FORD. Thank you, Mr. Chairman. I would very much appreciate just simply putting my testimony into the record and moving on to the question and answers.

Chairman ROBERTS. Are you sure you're feeling all right? [Laughter.]

Mr. FORD. Yes, sir.

Chairman ROBERTS. All right, we thank you very much for your cooperation.

The order of questions is as follows, with a five-minute time period, the Chair, the Vice Chair Senator Rockefeller, Senator Warner, the distinguished Chairman of the Armed Services Committee, Senator Levin, Senator Bond, Senator Feinstein, Senator DeWine—and while I mention Senator DeWine, I want to thank him for accompanying me in visiting six or seven of the 13 agencies where we hope we are learning more, and we can really feel some shortfalls in terms of the assets that we see them—Senator Chambliss, Senator Snowe, Senator Mikulski and Senator Lott.

Let me start with Bob Mueller. Bob, I got a call this morning about 10 minutes before I came to the hearing room from my wife. And she indicated—she said, "Dear, what did you do with the duct tape and the plastic sheet that used to cover the El Camino?"

And I was quoting an article on the front page of the local newspaper, the fountain of all knowledge in Washington, and it's down on the left-hand side—I think you've read it—where some nameless official indicated that people should start collecting bottled water, food and duct-tape one particular area of their home, and also have plastic sheeting. She was quite concerned that as Chairman of the Intelligence Committee, I didn't tell her to do this prior to this event.

And we've heard a lot of news about the increased dangers of the terrorist attacks; all three of you—all four of you; Secretary Ford's statement. And I know this has really disturbed many Americans, and I suspect many members of the public are wondering what they can or should do in light of the increased danger.

So what advice would you offer to the man or woman on the street, other than to get out of the street?

Director MUELLER. I would start, I believe, Mr. Chairman, by saying we have to put this in perspective, that we are in a period of heightened risk based on intelligence, and we will go through additional periods like this in the future.

I do believe that our day-in, day-out life has changed since September 11. We do have a heightened risk of attack from terrorist organizations, most particularly al-Qa'ida. And during certain periods, we believe—and this is one of them—there is a heightened risk of an attack, both overseas and in the United States.

By saying that, we also must indicate our belief that Americans should go about their business, not cancel plans that they had, because we have no specifics as to the particular places or timing, but that we all should be more alert. Rarely does a day go by that we do not get a call from a concerned citizen who has seen something out of the ordinary, that has called a police department or has

called the FBI and said this is a little bit out of the ordinary; perhaps you ought to look at this.

And on several occasions, and probably more than several occasions, those alert citizens have brought to our attention individuals or patterns of activity that have led us to take action that would lessen the risk in a particular community or in the United States. And so, while we're in this period of heightened risk, it is important for each of us to be more alert than we ordinarily would be, but not to change our patterns.

Chairman ROBERTS. I thank you for your response. George, do you have anything to add to that?

Director TENET. Sir, the only thing I would say is that the strategic targeting doctrine of this organization is well understood by us. And as a consequence, translating that document to homeland security and Governor Ridge in terms of protective measures that specific sectors of the country have to undertake to make them more immune to the attack, and to do this on a consistent basis, and to make marked improvement over time, is the most important thing we can be doing.

How they think and what they think about targets, what they've previously tried to do, and their planning, as a result of an enormous amount of work, we have a lot of data. We have to beat them to the punch in terms of narrowing their approaches and narrowing the availability of targets and infrastructure that give them the mass-casualty symbolic impact that they will try to achieve. All the while you're dealing with softer targets. And there's where—Bob's right—your vigilance and your awareness pays a price.

But the strategic concept we have to bear in mind is, we shouldn't focus on date, time and place of an event. We should be focused on our strategic knowledge of their targeting doctrine and buttoning up the country systematically so that, over the course of time, raising alert levels become more and more effortless, less painful for people because all of these sectors have responded accordingly and are taking measures and building into the security of the country over time.

Chairman ROBERTS. I have 30 seconds left. I think, in the interest of time, I'm going to yield to the distinguished Vice Chairman.

Vice Chairman ROCKEFELLER. Thank you, Mr. Chairman. This question could be for Mr. Tenet, the Admiral or the Secretary. One posits that if we go into Iraq, that a regime change will not be enough and that the follow-up is what will really tell the story for the future.

Now, there are several positions put forward. One is that if we stabilize the country, that would be good. Another is that if we stabilize the country, that will speak to the rest, or at least a large part of the rest of the Arab world, to say that we're not in it for our own colonialization, domination, but we're in it because we're trying to bring a better way of life to that part of the world.

And there's a third position which has been expressed, and that is that we can do that—in fact, we can do that in several countries—but there will always be an element in the radical world which will discount whatever we do and which will continue to come after us as if we had done nothing at all. I'd be interested in any of your points of view.

Director TENET. Senator, the speed with which, if you want to talk about a post—if there's a conflict, a post-conflict environment, the speed with which the infrastructure of the country is stood up, the speed with which food supplies, health supplies and the speed with which you make a transition to a group of Iraqis to run this country all are enormously important.

There are three major groups—Shi'as, who account for about 60 percent or 65 percent of the population of this country; Sunnis, who may be about less than 20 percent; and the Kurds—who all have to be integrated in some way in some kind of confederated structure that allows equal voices to emerge. But the speed with which you can get to those points will, I think, make a big impact on the rest of the Arab world.

I am not one who believes that—you asked a question about is terrorism from al-Qa'ida more likely, for example. Al-Qa'ida and terrorist groups are going to launch their terrorist attacks at dates and times and places of their choosing, based on operational security matters. Naturally, he would be interested in the propaganda windfall of tying it to an Iraq, but that's not how al-Qa'ida operates on a day-to-day basis.

You may never get credit from other parts of the world, and I don't want to be expansive in, you know, a big domino theory about what happens in the rest of the Arab world, but an Iraq whose territorial integrity has been maintained, that's up and running and functioning, that is seen to be functioning in a different manner outside the rubric of a brutal regime, may actually have some salutary impact across the region.

But every country is different and everybody's got different views about their own internal situation, but it may well create some dynamic and interesting forces that, quite frankly, I can't predict to you. But there may be some positive things that come out of it.

Vice Chairman ROCKEFELLER. Mr. Director, or Admiral or Secretary.

Admiral JACOBY. Senator, I think the three things you hit all have to be done, and they probably could be done simultaneously to stabilize the country. We may have quite a bit of infrastructure damage inflicted by the regime potentially creating humanitarian assistance, particularly in the South, against the Shi'a population.

At the same time, the longer sort of effects and direction of the country are dependent on freeing up the Iraqi people to bring their energy to bear on putting in place a better way of life, which would be obviously tied back quite directly to the stabilization piece.

And the third part is, sir, I would have no expectation that the radical elements elsewhere, particularly the fundamentalist elements elsewhere in the world, would in any way alter their views based on this set of circumstances. That's obviously a longer-term war that we're engaged in that's based on factors other than specifically the post-regime period in Iraq.

Vice Chairman ROCKEFELLER. Mr. Tenet.

Director TENET. Senator, just one more point. I want to return to the territorial integrity point and the unified nature that must be maintained. Every country that surrounds Iraq has an interest in what the political end game is.

The country cannot be carved up. If the country gets carved up and people believe they have license to take parts of the country for themselves, that will make this a heck of a lot harder. This country must remain whole and integrated, and while these three groups——

Vice Chairman ROCKEFELLER. I understand, Mr. Tenet. But my point was to try to establish that even if we do all these things correctly, there will still probably be a fundamental terrorist element which would be unaffected even as we do a superb job, if we do, in bringing stabilization and growth to that country.

Director TENET. We will not impact al-Qa'ida's calculation against the United States, Senator.

Vice Chairman ROCKEFELLER. Thank you.

Chairman ROBERTS. The distinguished Chairman of the Armed Services Committee, Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I recognize the strong leadership this Committee now has and commend both of you with your responsibilities.

Director Mueller, the question this morning raised by the Chairman—he utilized the report about the duct tape and so forth—well, I take that seriously in all respects, and I think it was a conscientious decision by our administration to set that out publicly.

But here's what concerns me. When the public sees that, they say to themselves, well, do we have in place today the laws that are necessary to enable law enforcement, principally yourself, to search out these terrorists and apprehend them?

Now, is the administration contemplating any further legislation to strengthen the Foreign Intelligence Surveillance Act or modify the Patriot Act?

Director MUELLER. Well, there are discussions ongoing, I know, in the Department of Justice relating to changes in the FISA Act. And, in fact, there have been some bills that were suggested in the last Congress which would address several of the problems that were left unaddressed when the Patriot Act was passed, one being, as an example, our problem in having to prove that an individual was an agent of a foreign power where we have individuals who may not have ties to a particular recognized organization, whether it be al-Qa'ida or a nation-state, and yet still presents a threat to the United States and still presents a threat of a terrorist attack.

Senator WARNER. So, in summary, there is a package being worked on by the administration, and it is for the purpose of strengthening the existing laws. And, in your judgment, does that represent some further invasion of our rights to privacy and exercise of freedom as individual citizens, which compromise may have to be made in view of the continuing and rising threat situation?

Director MUELLER. Well, with regard to what has been suggested as modifications to the FISA Act, I do not believe that that would be undermining the privacy of our citizens at all and is a much-needed improvement to the FISA Act. There may be other pieces of legislation that are currently under discussion that I am not fully aware of.

And as each of those pieces of legislation is reviewed, I know that both we in the Bureau, but most particularly in the Department of Justice, we look to balance the impact of that particular piece of

legislation on privacy rights with how it would better enable us to address terrorism in the United States.

Senator WARNER. In a short sentence, in your own personal professional assessment of the laws as they exist today, do they need to be strengthened, in your judgment, to enable you and others in law enforcement to protect our citizens?

Director MUELLER. Certain of them do.

Senator WARNER. Thank you. Director Tenet, this morning we heard another statement from a foreign country—I believe France in this case—to the effect that they don't even think Saddam Hussein possesses weapons of mass destruction. I'm not here to attach credibility to that statement.

We also saw a poll early this morning—at least I did—where in Great Britain they're anticipating the largest turnout in the streets of anti-war demonstrations; in fact, several of us on the Armed Services Committee yesterday had a question-and-answer session with British parliamentarians here in the Senate.

All this leads me to the following question. I support the President and I anticipate I will continue to support the President. But there seems to be a gap widening in Europe, and perhaps somewhat here at home. But in my judgment, we cannot postpone any longer the non-compliance of Iraq, even though, bit by bit, they're saying they'll do certain things. I think there comes a time when this situation has to be addressed, and if diplomacy fails, force must be used.

In the event that force is used, and after the dust settles and the world press and others can go in and assess the situation, is it your judgment that there will be clearly caches of weapons of mass destruction which will dispel any doubt with regard to the fair and objective analysis that the United States and such other nations that have joined in the use of force did the right thing at the right time?

Director TENET. Sir, I think we will find caches of weapons of mass destruction, absolutely.

Senator WARNER. And such diminution of our credibility, which we've maintained for these 200–plus years as a nation not to use a preemptive type of strike—I don't think it's preemptive; others do, so we have to do that—that can be reconciled and that credibility restored to the extent it's diminished. Do you believe that?

Director TENET. Sir, I'm not going to make policy judgments. I'll stick to what my job is and focus on the intelligence.

Chairman ROBERTS. The distinguished Senator's time has expired.

Senator WARNER. I thank the Chair.

Chairman ROBERTS. The distinguished Senator from Michigan is recognized.

Senator LEVIN. Thank you, Mr. Chairman. Admiral Jacoby has made the following statement in his written presentation, Director Tenet, and I am wondering if you agree, that Pyongyang's open pursuit of additional nuclear weapons is the most serious challenge to U.S. regional interests in a generation. The outcome of this current crisis will shape relations in Northeast Asia for years to come. Do you agree with that statement?

Director TENET. Yes, sir, it's very serious.

Senator LEVIN. I think it's really useful that at least our intelligence community is willing to describe the problem with North Korea as a crisis. The administration has avoided that word. They've said it's not a crisis. And the fact that our intelligence community describes it accurately as a crisis, it seems to me, is at least a beginning of a fair assessment of how serious that is.

Director Tenet, in early January we started sharing with U.N. inspectors intelligence on sites in Iraq that we have suspicions about. I assume that we are sharing information with all the limitations of inspections, because our intelligence community believes that U.N. inspections have value—at least there's a possibility that those inspections would provide evidence of the presence of weapons of mass destruction or of Iraqi deception, or of violations of the resolutions of the United Nations. Do you agree that there is some value to those inspections?

Director TENET. Sir, there's value in these inspections so long as the partner in these inspections, Saddam Hussein, complies with U.N. resolutions. And thus far he has been singularly uncooperative in every phase of this inspection process.

Senator LEVIN. What you are saying is they have no value then unless he cooperates, that there's no chance that they will find evidence of weapons of mass destruction, even without his cooperation?

Director TENET. Sir, unless he provides the data to build on, provides the access, provides the unfettered access that he's supposed to, provides us with surveillance capability, there's little chance you are going to find weapons of mass destruction under the rubric he's created inside the country. The burden is on him to comply and us to do everything we can to help the inspectors. But the inspectors have been put in a very difficult position by his behavior.

Senator LEVIN. Have they been given unfettered access?

Director TENET. By Saddam Hussein?

Senator LEVIN. Yes.

Director TENET. Sir, I don't know in real-time. Everything that happens on every inspection——

Senator LEVIN. As far as you know, were they given unfettered access?

Director TENET. I don't believe so, sir.

Senator LEVIN. All right. Now, we have only shared a small percentage of the sites so far that we have suspicions about. I am going to use the word "small percentage" because I am not allowed to use the actual numbers of sites that you have suspicions about. I am not allowed to use the actual number of sites that we have shared with the U.N. inspectors. All I'm allowed to say is that there has been a "small percentage" of sites that we have shared the information with the inspectors. My question to you is: When will we be completing the sharing of information with the U.N. inspectors?

Director TENET. Sir, we have given the U.N. inspectors and UNMOVIC every site that we have that is of high or moderate value, where there is proven intelligence to lead to a potential outcome—every site we have.

Senator LEVIN. Would you say what percentage of the sites that we have on our suspect list that you have put out in that estimate we have——

Director TENET. Sir, the—I'm sorry, sir. I apologize.

Senator LEVIN. Would you give us the approximate percentage of the sites that we have in your classified National Intelligence Estimate that we have shared information on with the U.N. inspectors, just an approximate percentage?

Director TENET. I don't remember the number.

Senator LEVIN. Just give me an approximation.

Director TENET. I don't know, but let me just—can I just comment on what you said, sir?

Senator LEVIN. Would you agree it's a small percentage?

Director TENET. Well, sir, there is a collection priority list that you are aware of, and there is a number that you know. And this collection priority list is a list of sites that we have held over many, many years. The vast majority of these sites are low priority and against which we found little data to direct these inspectors. All I can tell you is we have given them everything we have and provided every site at our disposal, and we cooperate with our foreign colleagues to give them—we have held nothing back from sites that we believe, based on credible intelligence, could be fruitful for these inspections.

Senator LEVIN. I just must tell you that is news. That is a very different statement than we have received before.

Director TENET. Sir, I was briefed last night, and I think that we owe you an apology. I don't know that you have gotten the full flavor of this. But in going through this last night, I can tell you with confidence that we have given them every site.

Senator LEVIN. Now, Mr. Tenet, another question relative to al-Qa'ida's presence in Iraq. Does al-Qa'ida have bases in Iraq?

Director TENET. Sir, you know that there is—there's two things that I would say.

Senator LEVIN. And would you summarize it by saying al-Qa'ida has bases in Iraq?

Director TENET. Sir——

Senator LEVIN. That is, the part of Iraq that is controlled by Saddam?

Director TENET. Sir, as you know—first of all, as you know by Secretary—well, we won't get into northern Iraq, but I can tell you this. Bases, it's hard for me to deal with, but I know that part of this—and part of this Zarqawi network in Baghdad are two dozen Egyptian Islamic Jihad, which is indistinguishable from al-Qa'ida, operatives who are aiding the Zarqawi network, and two senior planners who have been in Baghdad since last May. Now, whether there is a base or whether there is not a base, they are operating freely, supporting the Zarqawi network that is supporting the poisons network in Europe and around the world.

So these people have been operating there. And, as you know—I don't want to recount everything that Secretary Powell said, but as you know a foreign service went to the Iraqis twice to talk to them about Zarqawi and were rebuffed. So there is a presence in Baghdad that is beyond Zarqawi.

Chairman ROBERTS. The Senator's time has expired.

Senator Bond.

Senator BOND. Thank you very much, Mr. Chairman. It's a pleasure to be joining this Committee at a very interesting and challenging time.

There was a question—I would like to address the question to Director Tenet and Admiral Jacoby. There was a question asked earlier on whether the invasion of Iraq would increase the threat of weapons of mass destruction terrorist attacks in the United States. And I believe Director Tenet has given an answer. My question would be: What is the danger of an attack with weapons of mass destruction by terrorists if we continue with the hide-and-seek game and the proposed actions given by our French and German brave allies and leave Saddam Hussein in control of both caches and means of creating more weapons of mass destruction? Director Tenet would you, or Admiral Jacoby, wish to share your opinion?

Director TENET. Sir, let me just differentiate for a moment. You know al-Qa'ida has an independent means it has developed inside of Afghanistan. It's in my classified statement—you can take a look at the BW, CW, and even interest in nuclear capabilities. So that's quite something they have been pursuing and we are trying to get on top of around the world. So there's an ongoing concern with or without.

The concern, of course, that Secretary Powell enumerated in his speech at the U.N. was the concern that there have been some contacts, that there has been some training provided by the Iraqis—this according to a senior detainee that we have in our custody. So how expansive that is beyond that, sir, I want to stick to the evidence and the facts that we have, but we are living in a world where proliferation of these kinds of materials to second parties and third parties, and then their subsequent transition to terrorist groups is obviously a separate issue we have to be very careful about.

Admiral JACOBY. My follow-up would be, sir, obviously al-Qa'ida independently was pursuing these kinds of capabilities. And in my mind there are sort of two tracks running simultaneously, and the one track is sort of an independent al-Qa'ida WMD threat that probably operates on their timeline, their planning, their access to materials, and is independent of the discussion about the Iraqi contingency operation.

Senator BOND. Admiral, in your written statement—and other statements—you've mentioned the challenges facing allies in Southeast Asia, Malaysia, Indonesia and other countries have been involved in—actually Indonesia has obviously had a very serious and deadly terrorist attack. I would like your assessment, number one, of the importance of relationships with our friendly governments in the region which are subjected to the presence of terrorists.

Number two, there has been an effort to impose sanctions on Indonesian military activity such as cutting off IMET and other military exchanges. I have some very strong views on that. I would like to know your views as to whether these are effective means for remedying what we see as shortcomings or do you think these Congressional initiatives may have the danger of disrupting these in-

stitutions and further lessening our ability to maintain a defense in the area?

Admiral JACOBY. Senator Bond, obviously our relationships with these countries are extremely important, and I would only point to the operations and the cooperation, bilateral work that was done in the southern Philippines as an example with the Abu Sayyaf group. I mean, I think it demonstrates the capability and mutual effects of working together.

Without getting into the policy part on the IMET slice, I would just say that my observation over time in dealings with my counterparts in other countries is that those who have had the opportunity to interact with Americans, whether it's in our schools or other kinds of fora, then become very good partners down the road when they have the opportunity to make decisions. I think it's desperately important that we keep those kinds of ties in place wherever we can.

Senator BOND. Thank you, Mr. Chairman.

Chairman ROBERTS. The distinguished Senator from California is recognized.

Senator FEINSTEIN: Thank you very much, Mr. Chairman.

Admiral Jacoby, let me thank you for your written statement. You didn't mention it in your oral remarks, but one thing really jumps out to me. Because it's brief, I want to read it. You say, "The prolonged Israeli-Palestinian conflict is furthering anti-American sentiment, increasing the likelihood of terrorism directed at United States interests, increasing the pressure on moderate Middle East regimes, and carries with it the potential for wider regional conflict, with each side determined to break the other's will. I see no end to the current violence."

It seems to me that this is our greatest omission of putting that crisis on the back burner and not moving it forward to resolution. And I am just going to leave you with that. But I want to thank you for putting it in your statement.

Mr. Mueller, I want to thank you for your robust steps to move your department into counterterrorism and specifically domestic intelligence gathering. I think you've taken real action, and I am just delighted to see it.

Mr. Tenet, I also want to thank you. I had the privilege of going to your agency on Friday, and had an excellent briefing from a number of people, some of whom I see here this morning. And I thank you for that. And also I know you have been working very long hours along with Mr. Mueller and others, and I appreciate that.

Let me begin with this question: What is the Agency's best estimate of the survival and whereabouts of Usama bin Ladin?

Director TENET. Senator, I don't think I'm going to get into all that in open session.

Senator FEINSTEIN. I will ask you that question this afternoon.

Director TENET. I would be pleased to respond.

Senator FEINSTEIN. Fine. Thank you very much. Perhaps I can ask one that you might be willing to answer. In the past you have mentioned on several occasions that the A Team of terrorists is Hizbollah. Putting aside capability, could you comment upon their assessment of their plans and intentions, whether they represent

a domestic threat, whether there are signs of them increasing their activities in the Middle East, and what you believe would trigger a greater involvement in the United States?

Director TENET. I will let Director Mueller talk about the United States. Of course this is a very capable organization that the Iranians have backed for a long time. It's a particularly difficult organization because of their feeding relationship with the Palestinian Islamic Jihad, Hamas and others who have directed terrorist attacks against Israelis for many years. They have a worldwide presence. We see them actively casing and surveiling American facilities. They have extensive contingency plans that they have made, Senator. We haven't seen something directed against us in a long time—that would be a decision they make based on their own internal calculation.

But this is certainly a group that warrants our continued attention around the world because of their capability. And truthfully, Senator, one of the things we have to be mindful of and be very alert to is how all of these groups mix and match capabilities, swap training, use common facilities. So the days when we made distinctions between Shi'ites and Sunnis and fundamentalists and secularists in the terrorism world are over.

Senator FEINSTEIN. I wanted to ask you a question, and this has been asked many times of us now by the press. Hopefully you can answer some of this in this session. When Secretary Powell laid out the information about the camps in northeastern Iraq, I wondered how long we have known about it, how we found evidence, the people coming and going from it with the innuendo that they were moving poisonous materials. And if all of that is true, there is abundant authority, if it is a threat to us, to take out that camp. Why in fact did we not do that?

Director TENET. Senator, that's a policy question that I shouldn't answer. And, you know, I don't want to comment on what plans or contingencies were in place, what was considered or not considered, but that's something you may want to come back to with some other people and not me.

Senator FEINSTEIN. Can you publicly comment on the level of intelligence, whether it's—the nature of the specific intelligence that indicated——

Director TENET. Yes, ma'am.

Senator FEINSTEIN. [continuing]. the poison factories?

Director TENET. I believe that we have a compelling intelligence story based on multiple sources that we have high confidence in understanding this network, how it's operated in Europe, the connections that Secretary Powell talked about. It's something that we obviously will talk to you more about this afternoon in terms of——

Senator FEINSTEIN. But let me narrow it down. It's not just British intelligence?

Director TENET. No, ma'am.

Senator FEINSTEIN. It's our own specific intelligence?

Director TENET. That would be correct. That would be correct.

Chairman ROBERTS. The time of the distinguished Senator has expired. Let me say for the benefit of Members that next is Senator DeWine, and then Senators Chambliss, Snowe, Mikulski, Lott and Edwards. The distinguished Senator from Ohio.

Senator DEWINE. Thank you, Mr. Chairman. Director Mueller, thank you very much for supplying us with this two-page summary. I think it is a very good summary of what you have done, the FBI, has created to address the terrorist threat. I would commend it to my colleagues in the Senate.

You have talked about what the FBI is doing to attempt to reform itself and really change the overall direction. To play the devil's advocate for the moment, there are some people, Director, as you know, who believe that the FBI never really will be able to make that transformation, and that you can't do domestic intelligence. And I know you and I have talked about this, and of course you believe that you can make that. Let me ask you a couple questions.

One, can you describe for us how well the computer upgrade process is going? The computer system at the FBI has been a mess, very antiquated. How much is it going to cost to upgrade it? How long is that upgrade going to take?

Director MUELLER. We started the essential upgrading of our computer system by bringing the team on board of former CIOs, individuals from private industry who have gone through this process before. And we, over the last year, have been lucky to recruit a number of individuals who, regardless of the salary they are paid, want to serve their country. Rather than just the one or two individuals who have been in the industry before, we have upwards of 15 who are shepherding our upgrade in technology. And having that team on board was absolutely essential.

With regard to the hardware, we have put in over 20,000 desktops and computers over the last year to give us the capability at the desktops, with Pentiums as opposed to 386s or 486s. Critical to our improvement is having the local area networks and, more importantly, the wide area networks, the bandwidth to exchange information, and the very technically challenging networks that are necessary should be in place by the end of March.

We have over 600 points around the country that have to be served by these networks and we expect those to be done by the end of March. Our principal software application called Virtual Case File, which is being developed by a number of agents as well as contractors, should be on board and on everybody's desk by December.

Senator DEWINE. Which is quite an exciting prospect, as you've explained it to me. My time is very limited. When do you think that will be up?

Director MUELLER. It will be up in December.

Senator DEWINE. That will be up in December.

Director MUELLER. November and December.

Senator DEWINE. And the total cost for this will be what, do you think?

Director MUELLER. I would have to check the figures. It's several hundreds of millions of dollars, but I would want to be specific. I can get you, quite obviously, the total cost.

Senator DEWINE. And this whole process should be completed by when?

Director MUELLER. Well, it's an ongoing process. The bulk of it will be completed by December of this year. But what we wanted

to do was put into place computer and information technology that won't serve us just in the next six months or the next year, but put in place technology that can be upgraded yearly. So, it will be an ongoing process. But the bulk of it I expect to be done by December of this year.

Senator DEWINE. Director, for those critics who say that you can't make this transformation, when is a fair time for us to, as the oversight committee, to look back and say—to make the judgment of whether you have made the transformation or not?

Director MUELLER. I think it's——

Senator DEWINE. This is a tremendous sea change for the FBI.

Director MUELLER. I think in some respects it is, and in other respects it is not. I think it's fair to ask what have we done since September 11. I think the Bureau, the agents, have always had the collection capabilities, and indeed have been some of the best collectors of information in the world.

What we have lacked in the past is the analytical capability, both in terms of the analysts as well as the information technology. And we have since September 11 almost doubled the number of analysts. We have developed a College of Analytical Studies. George Tenet has helped us with 25 analysts to help us in the meantime on the analytical capability of the Bureau. The analytical capability will be much enhanced by having the databases, the analytical tools with which to search those databases, and I would expect by the end of the year we'll be much enhanced.

But the fact of the matter is, since September 11 I think every individual in the Bureau understands that it is of foremost importance that the Bureau protect the United States against another terrorist attack. And that mind shift came as of September 11. And the Bureau, I believe, has welcomed the opportunity to meet this new challenge, as it has in the past met previous challenges.

Senator DEWINE. Thank you, Director, very much.

Chairman ROBERTS. The Senator who has the privilege of representing the nation's number one football team has expired. [Laughter.]

I would now like to recognize Senator Chambliss. And I would like to say for the benefit of committee members, having served with Senator Chambliss in the House of Representatives and watched him closely on his service on our House counterpart committee, it was Senator Chambliss and Congressperson Jane Harman who the Speaker of the House appointed to form up a select committee on homeland security. He brings to the committee a great deal of expertise. We are very happy to have him on board. Senator, you are recognized.

Senator CHAMBLISS. Thank you, Mr. Chairman. And even though we finished third in rankings, we'll be there next year. [Laughter.]

Gentlemen, as all of you know, a main focus of my work over on the House side over the last two years has been on the issue of information sharing. And I don't want to get into any of that now because I'm going to continue to pound this issue with you every time we get together.

Bob, I see you've got—I know you're putting this bulletin out every week. I think that's a major step in the right direction. I hope it's not old news by the time it gets down to the state and

local level. There is still a feeling out there, I will tell you, among local law enforcement officials about some hesitancy on the part of your field officers to dialogue with them on a regular basis, and we've still got some overcoming to do there. But I commend you on making the effort to make this dialogue more open.

The other comment I want to make before I get to my question, George, you alluded to this in your statement with reference to the connection between al-Qa'ida and Iraq. I felt like that was the weakest part of the argument that Secretary Powell was going to be able to make last week, and I was, frankly, pleased to see that he came forward as much as he did with the Zarqawi pronouncement.

Your statement today with respect to the Egyptian Jihadists who are operating openly in Iraq I think it just adds to the evidence there that there is a direct link between not just al-Qa'ida and Saddam Hussein but the entire terrorist community and Saddam Hussein. I think that that particular issue, in and of itself, is going to be the most sensitive issue that we've got to deal with because we know that those weapons are right there, we know that the terrorist community is there.

Do they have their hands on these weapons, and are they going to use them? I think that's something that frankly I'm going to want to talk with you a little bit more about this afternoon.

I want to ask you a question, though, that I get asked at home. And I hope you can all comment on this. That is, once again, Senator Warner alluded earlier to the statements that were made in the paper again today by some of our colleagues in other parts of the world, heads of other countries, relative to their not being convinced there are weapons of mass destruction in Iraq. They're obviously not on board with the full force that our President is. I know our President is right. We all know our President is right.

We all know that there is a relationship in the intelligence community between each of your organizations and your counterpart in France, in Germany, in Russia, and in every other country. Is there something we know that they don't know? Are we not sharing information with them? Why would these countries not be as strong as we are, because the evidence is almost overwhelming? And if there is some lack of information sharing there, we need to know that. And I'd appreciate the comment of each of you on that issue.

Director TENET. Sir, I don't know the answer precisely. I will say that we produced a white paper that became a matter of public knowledge. The British produced a white paper. The Secretary of State has laid out a fairly exhaustive case at the United Nations. I know that we talk to our counterparts, so there is an enormous amount of data that flows back and forth. I can't take you farther than that, sir.

Senator CHAMBLISS. So, the answer to the question is that the information that we have has been freely and openly disseminated with our supposed allies around the free world?

Director TENET. Sir, we have provided a great deal of information to everybody on this case, and that's as far as I can take it.

Senator CHAMBLISS. Has there been any attitude or do you notice any hesitation on the part of any of those countries with respect to the information that we've given them?

Director TENET. I just can't comment on that, sir. I don't know.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Chairman ROBERTS. The Senator from Maine is recognized. Senator Snowe.

Senator SNOWE. Thank you, Mr. Chairman, and thank you all for your testimony here today.

Obviously the purpose of this hearing is to measure the extent to which we have made progress, particularly in the 16 months since September 11, and whether or not there are systems in place to make America safer and to prevail in the war on terrorism. And towards that end, I'd like to have you discuss to some extent about how the information sharing is working.

I was concerned to read that a senior official from the White House indicated that much of the information sharing that is occurring between the FBI and CIA is on an informal basis and by brute force. And I would like to know whether or not we have made significant improvements. I know the President has recommended the terrorist threat integration center, which I think is a great idea and a move in the right direction, but is that going to become operational sooner rather than later? To what extent has urgency been applied to making this functional and making sure the information is flowing in all directions, vertically and horizontally?

To that point as well, on Friday I happened to be at the Portland, Maine Airport, and I was talking to the federal security director, who had heard at 11:00 on CNN that there would be an announcement about raising the alert level to code orange. And the attorney general's press conference was going to be at 12:30. So he hears about it on CNN an hour-and-a-half before the Attorney General is going to have a press conference, two hours before he will receive an official directive. I also talked to some federal law enforcement officials as well as local who had the same experience.

And I'm just hoping that we are in a better position to disseminate this information than the way we're doing it, especially when we're talking about the second highest alert and the second time it has been instituted. And also because security conditions maybe have to be attached to that, and these officials need to know first and foremost. So, we're saying to wait and watch it on TV. And I just hope that we can improve upon this system.

And I mention that to you today to ensure that that doesn't happen, but also to know where we are in information sharing, because last week, before the code orange alert was issued—now these media reports may not be entirely accurate, but it seems to me that there is a lot of questions as to whether or not to even issue the alert. And I know, Director Tenet, you said that this chatter was significant, but I gather it wasn't specific enough to encourage the alert. And where were you both in terms of whether or not this alert should be issued?

Director TENET. Well, I think it's fair to say that, with regard to the issuance of alert, we were both—we both believed that this was something that should be done. I mean, this is a story that's been pieced together. It was very specific and credible information. It was sourced well. There were multiple sources. So, I think from Bob's and my perspective, we had to issue this alert.

We made our case. Obviously, the Director of Homeland Security and the Attorney General make the policy decisions, but from where we sat, putting us at a heightened state of alert, being disruptive, throwing people off their feet, generating additional operational opportunities in this environment is important.

Now, people will come back and say, Senator, well, if it doesn't happen in this time period, what does that mean? It's really irrelevant to the point of there was enough credible data that takes us to a time period and it increases our vigilance, and we have a plot line that we will continue to run and follow. So, I think—Bob can speak for himself—but we were both in the same place.

Director MUELLER. We absolutely were both in the same place, both of us, both institutions having access to the same intelligence. And the intelligence was not just foreign intelligence but also domestic intelligence. And I believe we draw the same conclusions as to the necessity of raising the alert based on our common understanding of that intelligence. And this process, I think speaks volumes about the information sharing capabilities now as opposed to before September 11.

When a situation like this comes along, not only do our individual offices exchange information that is culled from our investigations within the United States but also information that comes from the intelligence community overseas. But also, as this process goes along, we—individually and together—discuss the import of the intelligence and what steps should be taken as a result of that intelligence.

I will also say that the process goes on daily. In other words, once the alert is raised, every day we look at it and look at those underpinnings or those threads of intelligence that led us to believe that the alert should be raised to determine whether or not the time has changed and that things have changed significantly enough so that the alert should be reduced to the lower level.

Director TENET. I'd say, Senator, the FBI has done a great job of playing off what we provided and then giving it back to us in a real operational, real-time transparency on all this has been exemplary. So, you know, I would say that we're making steady and important progress on data sharing. The Director's got an important initiative there in terms of digital communications, the packaging of data, the sending it forward. And I think it's going to get better and better. But we have a very important and seamless lash-up today that's going to get stronger over the course of time with the reforms that Bob has put in place and things we're trying to do with our law enforcement colleagues.

Chairman ROBERTS. The Senator's time has expired. Senator Mikulski.

Senator MIKULSKI. Thank you very much, Mr. Chairman.

First, to everyone at the table, I know that with us being on such a high alert—and actually we've been on a high alert for a long time; we just got the color called orange—I just know that under all the professional demeanor at this table the emotional stress that you're under as you're working so hard to try to protect our country, and we want to say that to everybody who works for you, we know what you're going through. And I just want to say thank you.

Director TENET. Thank you, ma'am.

Senator MIKULSKI. And in terms of the coordination, you know, we've already been in a high alert several weeks ago; it was called the sniper attacks. And, first of all, Mr. Tenet, Mr. Mueller, and all other agencies that were involved, I want to say, as the Senator from Maryland, first of all, thank you. The coordination in the federal government with local law enforcement was outstanding in the way it worked, the way we could find the sniper, the way we could track down the killer with every federal agency doing what it needed to do, the way we were able to work with the local law enforcement, and also to be sure that this was not an international threat.

So, we don't need to go into the mechanics, but I believe that what was done there was really a model of communication and cooperation, not only in finding the killers but also the way you worked with the local government, and also managed the fear. And I thank Mr. Duncan, Mr. Moose, Agent Bald, the ATF.

So, having said that, let me then go now to agent—agent orange. I feel like it's agent orange, there is such a toxic atmosphere. With the threats that have been announced, the question is now what should Americans do? There is a great anxiety here in the capital region about what we've heard in the media—you know, tape up your windows, et cetera, buy your water—to what is happening with the local law enforcement.

And I wonder if, Mr. Mueller, you could comment on this, which is, number one, given this threat now, what is the FBI doing in terms of working with the locals? Using other examples now as models, what more could we be doing? Because while you're doing the threat assessment and communicating the information, the response needs to be local, and also the vigilance needs to be local—whether it's the Baltimore City Police Department, whether it's the Department of Natural Resources Police policing the bay around Calvert Cliffs, our nuclear power plant, along with our Coast Guard. What could you share with me about what's being done and how we could also improve it, and also do it in other parts of the country? But I'll tell you, your agent Gary Bald was really prime time.

Director MUELLER. Well, thank you.

Senator MIKULSKI. And all the agents.

Director MUELLER. I do believe that, when it comes to information sharing, that is yet another example of how we are changing as an organization and better utilizing our joint capabilities—and by joint capabilities I mean the capabilities of the federal law enforcement with state and local.

When it comes to responding to the threat, last Friday we sent out another what we call another what we call NLETS with a package of suggestions in terms of what might be done to additionally harden potential targets. Through our joint terrorism task forces, we work closely with state and local law enforcement to identify potential targets in the region and to assure that those who are responsible for the security of those targets understand the threat alert and harden their facilities.

As we go through this process of looking at whether or not to raise the alert, we try again through our joint terrorism task forces to keep them apprised of the intelligence that is coming in. Some

of it, quite obviously, is very sensitive in terms of sources and methods, but we keep the joint terrorism task forces generally alerted.

I will tell you that whenever we have a threat to a particular place, we immediately put that threat out to the joint terrorism task force and alert, through the joint terrorism task force and through the U.S. Attorney's office, the state and local law enforcement, as well as, most often, the political hierarchy of the city or the town or the community where we have this information. We believe that those individuals who are responsible for the safety, the first responders, should have access to that information. And then we coordinate afterwards in trying to run the threat down and determine whether indeed it is credible or not.

The most important thing that comes out of this enhanced vigilance, as I briefly stated before, is the alertness of the citizenry. We have on a number of occasions been alerted to things that are out of the ordinary that indeed, we come to find, gave us some insight and gave us a lead to persons who were associated with terrorist groups and enabled us to take some action against them. And consequently, through this process of both raising the alerts but also in discussing what should be done through our various joint terrorism task forces, we have, I believe—and I believe intelligence would support this—deterred terrorists from attacks because of the enhanced vigilance.

Senator MIKULSKI. Mr. Mueller, I think I'm going to follow up on this in the closed session, and questions that I have for the CIA and the other agencies I'll save for the closed session.

Chairman ROBERTS. Senator, we will have a second round. And the distinguished Senator's time has expired. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman, and thank you, gentlemen, for the work you do in your respective positions, and for what you're doing to protect our country.

You know, in Congress we have turf conflicts and disagreements between committees, the House and Senate, individual Senators and Congressmen. Human nature is not always to share or cooperate. I think I'm encouraged by what I hear you're saying, and you know, you are trying to change this culture; several others have referred to that. But I think to the average American, when they were told, in effect, that you know, that sometimes the FBI and the CIA, and maybe DIA, all of you weren't exchanging, and coordinating, and cooperating in handling of information, the average person couldn't understand that. So I want to emphasize again the importance of your continuing to work to get that accomplished.

Because of our limited time, let me try to get to a couple of specific questions. One of the areas I've been concerned about is security of seaports and the capabilities of the Coast Guard and the threat of how some weapon of mass destruction could be brought into ports, big or small, whether it's Gulfport, Mississippi or Baltimore.

So elaborate on how you're going to deal with that threat, if you can, as much as you can in open session. And how is the relationship with Coast Guard? And you might just tie into that, there was a lot of discussion when we were passing the homeland security legislation about the categories that would go into homeland secu-

rity. And what kind of progress are you making in terms of cooperation with this new Department?

Director MUELLER. Let me just start, if I could, Senator, with the ports. Each of the major ports, at least almost every one of the ones I know about, has, as an adjunct to a joint terrorism task force in Norfolk or Charleston or elsewhere, a group that looks at port security. In that group is the FBI. In that group is the Coast Guard and the local police chiefs. If it's a federal facility, members from the federal facilities come together as a task force to address the security of ports.

Since September 11, we have had certainly in excess of 10, probably more than 20, and perhaps more than that, threats of ships coming into various ports with anything from nuclear weapons to bombs. And on each of those occasions where we have received such a threat we have worked closely together with the Coast Guard to identify the vessel or vessels, to search the vessel or vessels, and to assure that the threat was not credible.

We are working exceptionally well with the Coast Guard, have been since September 11, and I expect that that will continue as the Coast Guard transfers to the Department of Homeland Security. We certainly have seen no diminution in efforts to coordinate and cooperate whenever we get a threat against a port.

Senator LOTT. Director Tenet, maybe Admiral Jacoby, there's been discussion about this in the past, and I presume there's an ongoing aggressive effort—and I'm not sure exactly who's in charge of it—to try to keep up with and track fissionable material that could be used, obviously, in nuclear weapons. What can you say publicly about how aggressively we're pursuing that dangerous material?

Admiral JACOBY. Senator Lott, actually, it's very much combined, Defense and CIA effort in that regard. And I think it would be better to follow up with some detail in the closed session. But it also joins up with your last question about seaports.

Obviously the concern is the movement of such materials. And there's a real good-news story in here. The Navy, through the Office of Naval Intelligence, has the intel community's responsibility for Merchant Marine and tracking of materials that are in those ships. That is a coordinated, consolidated, integrated effort with the Coast Guard. And there's some linkages in here that are really good-news stories in terms of information-sharing.

Senator LOTT. I've been surprised at some of the technology I've found that we have. I'll ask more questions about that this afternoon.

One final question, because I'm afraid that my time is going to be gone. You know, Members of Congress are supposed to get briefings, and we do on occasion. Some of them are classified and very sensitive. But I've found recently that I find out more about what's happening with the intelligence community in a book than I'd ever gotten in a briefing about what happened in Afghanistan, "Bush at War."

Now I think there's a lot of material in that book that probably shouldn't have been there. Do we have some process of trying to control leaks like that or deal with information like that that is disclosed and it shouldn't be? I guess I'm looking at you, Mr. Tenet.

Director TENET. It's an interesting book, sir.

Senator LOTT. Interesting book. Yeah, very interesting information in there, too.

Director TENET. And I think that obviously any time operational detail and other issues are given away, it causes us concern. It's one of the issues we work at all the time. So it's a complicated and difficult problem to deal with.

Senator LOTT. Well, I think you need to have an ongoing effort to try to stop that kind of information from getting into that type of medium.

Thank you, Mr. Chairman.

Chairman ROBERTS. The time of the distinguished Senator has expired. If the Senator has any suggestions on how we could put that duct tape on the mouths of Congressmen and Senators, perhaps it wouldn't happen as often as it does.

Senator Edwards.

Senator EDWARDS. Thank you, Mr. Chairman.

Director Tenet, I have seen reports that a new bin Ladin tape will be broadcast today. Can you tell us, first, whether that's true, and second, what you know about it?

Director TENET. I've heard that on the way in, sir. I don't know what the contents will be. We'll just have to wait and see what is on this tape.

Senator EDWARDS. You've not seen the tape yourself?

Director TENET. No, sir, I have not.

Senator EDWARDS. Nor have you received any reports about what's contained on the tape?

Director TENET. I had some reports last night, sir, about the possibility that this would exist. But in preparing for today, I honestly have not spent any time looking at it. So we'll see whether it runs and what it sounds like.

Senator EDWARDS. Director Mueller, you and I have discussed the subject of the FBI's reform efforts and a fundamental disagreement that you and I have about this. Over 17 months, we have learned and the American people have learned about case after case where the FBI missed clues or failed to connect dots, ranging from the failure to follow up on the Phoenix memo to failing to get the Moussaoui computer to failing to track two of the hijackers who the FBI knew were in the United States.

And during that 17 months since September 11, the FBI obviously has had a chance to reform itself. As we've discussed, I don't believe the FBI has met that challenge. I think there are two fundamental reasons for that. One is, I think there's bureaucratic resistance within the FBI. The FBI is by nature a bureaucracy. There are people within the FBI who work to protect their own turf and they resist change, which is the nature of bureaucracy.

And second, I think the Bureau is just the wrong agency to do intelligence work. I think there's a fundamental conflict between law enforcement and intelligence-gathering. And law enforcement is about building criminal cases and putting people in jail and indicting people.

The FBI is clearly very good at law enforcement; there's no doubt about that. But law enforcement is not intelligence. Intelligence

isn't about building a case; it's about gathering information and putting it together and seeing how it fits into a bigger picture.

Now, as you know, I'm not the only one to reach this conclusion; there are many others. In fact, I believe all of the objective reviews have found that the FBI is not up to this task. Let me just quote some of them first.

The Markle task force, which was October of 2002, said, "There is a resistance ingrained in the FBI ranks to sharing counterterrorism information. The FBI has not prioritized intelligence analysis in the areas of counterterrorism."

The Gilmore Commission, December of 2002: "The Bureau's longstanding tradition and organizational culture persuade us that, even with the best of intentions, the FBI cannot soon be made over into an organization dedicated to detecting and preventing attacks rather than one dedicated to punishing them."

The Joint Congressional Inquiry; the report came out in December. "The FBI has a history of repeated shortcomings within its current responsibility for domestic intelligence. The FBI should strengthen and improve its domestic capability as fully and expeditiously as possible by immediately instituting a variety of recommendations."

And finally the Brookings Institution, in January of this year, said, "There are strong reasons to question whether the FBI is the right agency to conduct domestic intelligence collection and analysis."

My view, and I've expressed to you, is that the FBI's effort at reform is too little, too late. I also think, because of the nature of the FBI, that it will never be able to reform itself to do this job.

The New York Times reported from the second-ranking official at the Bureau—this is in November, November 21—that he told field-office chiefs in a memorandum that he was—I'm quoting him—"amazed and astounded by the failure of some unidentified FBI field offices to commit essential resources and tools to the fight against terrorism."

I will introduce legislation this week—I'm going to give you an opportunity to respond. I will introduce legislation to take the domestic intelligence function out of the FBI and put it into a new agency. I think it'll improve our ability to fight terrorism. I also think it will improve, because of the structure that I'm proposing, our ability to protect freedoms and liberties here within our country.

I do want to ask you about——

Chairman ROBERTS. The Senator's time has expired.

Senator EDWARDS. I think we should give him a chance to respond.

Chairman ROBERTS. I think that's pretty obvious. Let me just say to the distinguished Senator, Senator Rockefeller and I have agreed that, prior to the budget hearings, the first hearing we will have will be on FBI reform so the Director can come before us and certainly tell his side of the story. And I will now recognize the Director to respond to the comments made by the Senator.

Director MUELLER. Senator, you have overlooked a great deal of the good work that the FBI has done in the last 17 months in connecting the dots. You also, I think, have overlooked the capability

of the Bureau to collect facts through investigations, through interrogations, as it has done for 90 years.

The only other point I would make, Senator, is I've offered you an opportunity personally to come down to the Bureau and be briefed on the changes that we have made since September 11. You have declined——

Senator EDWARDS. I'd be happy to do that.

Director MUELLER [continuing]. To come down. And I asked you in particular, before you introduced the legislation, that you come down and see the changes we have made to augment the intelligence-gathering capability of the Bureau, both the gathering as well as the analytical capability of the Bureau. So I ask you to do that before you submit that legislation.

Thank you, sir.

Senator EDWARDS. May I just respond briefly to the Director? I will be happy to do that. I would like to see what changes you've made. But I think there is a fundamental issue here, which I, again, will be happy to talk with you about.

Director MUELLER. If I can make one more point, you have quoted pieces from a number of reports. I also know that you have received letters from state and local law enforcement who do not share your view that the Bureau cannot undertake this, and, to the contrary, believe that the Bureau ought to undertake this responsibility because so much of it relies on the integration of the federal government with state and local law enforcement.

Senator EDWARDS. Thank you, Mr. Chairman.

Chairman ROBERTS. If we can adhere to the five-minute rule in the future, it would be appreciated. The Senator from Oregon.

Senator WYDEN. Thank you, Mr. Chairman.

Director Tenet, if no military action is taken against Saddam Hussein this winter and spring and U.N. inspectors continue their work in Iraq through the summer, I would like to know if you believe Hussein will be a greater threat to our country and our allies in the fall.

The question is relevant to me, because obviously we're going to keep the U.N. inspectors there, canvassing the country. And we're concerned about his military and weapons of mass destruction capability. And I'm wondering if you think, given that, if no action is taken this winter and this spring, whether Hussein will be a greater threat to our nation in the fall.

Director TENET. Senator, if the inspections regime continues on its current course, with the non-cooperation and non-compliance of the Iraqis, essentially their continued effort to deceive and make it possible for these inspectors to work—and there's not much of a record to indicate that that's going to change—that's something you have to factor into your calculations.

The one thing you have to remember is Saddam Hussein built the WMD program with inspectors living in his country for years. He understood how to acquire chemical and biological capabilities. He understood how to establish a clandestine procurement network. He understands how to cross borders.

Now the policy decision you make or others make is not my purview. He will continue to strengthen himself over time, and the greatest concern is how fast he gets to a nuclear capability, which

then magnifies the impact of his already large chemical and biological program. So, from a professional perspective, it never gets any better with this fellow, and he's never been a status quo guy.

Senator WYDEN. We'll get into it some more in the closed session, I appreciate, just because time is short.

Gentlemen, let me ask you about the Total Information Awareness program. This, of course, is a Defense Department program. I'm sponsor of an amendment now on the omnibus bill to put some restrictions there so we can have some safeguards for the civil liberties of the American people. And of course, the technology from the Total Information Awareness program as envisaged would be given to various agencies so they could track various databases. I'd like to know from you all what your view is of the Total Information Awareness program's planned capabilities, and whether you have any concerns about privacy and, if so, what safeguards you think are necessary?

Perhaps, Mr. Mueller, it would be better to start with you on this.

Director MUELLER. I am not totally familiar with all aspects of what has been called the Total Awareness—I guess, Total Awareness Program?

Senator WYDEN. Total Information Awareness.

Director MUELLER. Total Information Awareness program. We have had discussions with DARPA with regard to utilizing certain of their tools with our information but have not discussed participating in what is called the Total Information Awareness program. I don't know enough about it to really comment about the impact on privacy. I would say that whenever we have databases that are interrelated, the impact on privacy should be considered as we move forward. And to the extent that we institute new databases within the Bureau, we look at the privacy aspects of those databases.

Senator WYDEN. Well, I certainly hope so, because this is a program that involves the question of snooping into law-abiding Americans on American soil. It's something I feel strongly about. And we're talking about the most expansive surveillance program in American history, and this is something we've got to nail down the safeguards before we go forward, and suffice it to say there is substantial bipartisan concern up here on this.

One last question, if I might, for you, Director Tenet. The terrorist tracking system, the TIC system, the Terrorist Identification Classification System, was something I wrote in the intelligence authorization bill, so we could store and retrieve the critical information on known or suspected terrorists and essentially track them on an ongoing basis. I'd like to know what the status of this is and particularly what's been done to improve the sharing of information regarding these known and suspected terrorists, and whether it's now getting to the state and local level, because, again, I'm hearing at home concerns on this point.

Director TENET. Sir, I know that we're hard at work in building this database. One of the things that is involved in this Threat Integration Center that we're trying to establish and we hope to establish soon is that this will be the repository to make sure that these databases are kept and updated here. We are building. We're

making progress. I'd ask Director Mueller to comment about the transferral of the data.

Senator WYDEN. That would be good. And particularly, Director Mueller, tell us how the TIC system—and I'll finish right up, Mr. Chairman—is going to be integrated with the terrorist threat center that the President is talking about.

Director MUELLER. Excuse me. Just one second.

[Pause.]

Chairman ROBERTS. It's called TTIC.

Director TENET. We know that. We know that.

Director MUELLER. The question, again, was, Senator—I apologize——

Senator WYDEN. The question was, where are we with respect to the Terrorist Identification Classification System, and how is going to be fit into the center that the President envisages?

Director MUELLER. I would have to get back to you on that. I'm not, off the top of my head, familiar with where we are in the TIC and how it will relate to the TTIC.

Director TENET. Sir, if I can just fill in for a moment, one of the organizing principles here will be to have this database developed and maintained in this center, and this will be something that we provide accessibility to, to federal, state and local levels. And we'll put it in the center.

Senator WYDEN. We'll do more in closed session.

Thank you, Mr. Chairman.

Chairman ROBERTS. I thank the Senator.

We are ready for the second round. There will be the Chair—we will strictly adhere to the five-minute rule. Senators who go over five minutes will be taken to Dodge City, put in the local jail and, after five days, hung by the neck until they are dead. [Laughter.]

That may be a bit harsh. We'll consider amnesty.

I have some observations. I know that the Senator from North Carolina made mention of several commissions. There's the Bremer Commission, the Gilmore Commission, the Aspin-Brown Commission, the Hart-Rudman Commission, the CSIS study—all made possible by Senator Warner when he set up the Emerging Threats Subcommittee in the Armed Services Committee and I was the chairman. It was like a fire hose in your face. This is before 9/11.

Most of what has been said about connecting the dots, and the oceans no longer protect us, et cetera, et cetera, not a matter of if but when, access denial, asymmetrical warfare—all the buzz words that we hear were said back then in 1999. I even said some; I was even prescient. Somebody said I was even intelligent.

And the thing that I would say is that after all of that and all of this discussion, still we have the question, does the situation in Iraq merit the United States going to war? And the observation that I would like to make, that in the last decade 6,000 Americans have lost their lives either overseas or in this country, and have been killed by terrorist cells, either state-sponsored or non-state-sponsored, we are at war. That's the key. Now, what we do as a result of that, what would be the best way to win this war over the long term, it seems to me that is the question. And I don't question any Senator's intent, but I think we ought to make that very clear.

And it seems to me that all this is related. We have a tendency to say, you know, Admiral, you're right, you rated North Korea as the number one issue. And then Director Tenet says it's al-Qa'ida that's the number one issue. And then the President says it's Iraq that's the number one issue. They're all interrelated. And if we start drawing a line in the sand and then drawing a new line in the sand and a new line in the sand, as we saw in the Balkans with Slobodan Milosevic, we end up in the sandbox. I don't think we can afford to draw about six or seven lines in the sand because of the message that that sends to somebody like Kim Jong-Il, who is a ruthless theological dictator—very bizarre man, very surreal man, very surreal country.

So I think it's all interrelated. And I think we make a dangerous assumption by trying to rate one over the other. They are all equally extremely important in regards to our vital national security.

George, if the U.S. takes military action against Iraq, what is the likelihood that Saddam will use weapons of mass destruction against the U.S.? But if the U.S. does not take military action against Iraq, what is the likelihood that Saddam will use weapons of mass destruction against the U.S., especially with consideration to that poison center in northeast Iraq that the Secretary of State so detailed in his testimony before the Security Council?

Director TENET. Sir, you asked a couple of questions. I think you need to go back to the Secretary's statement and look at how carefully crafted that language was in terms of the linkages that are made.

I ask everybody to do that. This is a story we're developing very carefully. So before you lead to operational direction and control, the safe haven and harboring piece, it is very sound and established. And how much they know and what they know is something you're still developing, although we're certainly aware that the Iraqi Intelligence Service is knowledgeable about the existence of this capability. So people have to be very careful about how we used our language and how far we take the case.

Now, you know that when we wrote our national intelligence estimate, I guess in October, we talked about the fact that if he believed at the time that—well, I'll paraphrase here—that hostilities were imminent or his regime was going down, we had a great concern that he would use weapons of mass destruction. The truth is, we don't know what he's going to do. And now we're at a different point in time. And this is some things we need to talk in classified session.

Chairman ROBERTS. I'll be happy to do that. I've just got a couple more questions.

Director TENET. Yes, sir.

Chairman ROBERTS. I've got 46 seconds, and I may be taken to Dodge City if I'm not careful.

Director TENET. Sorry, sir.

Chairman ROBERTS. All right.

Admiral, what do we have new on Scott Speicher, the man that we left behind?

Admiral JACOBY. Sir, we have a number of leads and we've done notification on those. And so we're continuing to pursue very aggressively. Right now we have no conclusive information, and so

our assessment is we are pursuing it as if Captain Scott Speicher is alive and being held by the Iraqis. We continue with our assessment that the Iraqis know of his fate and that they are not forthcoming with the information that they have available.

Chairman ROBERTS. I thank you for your efforts, and please relay my heartfelt thanks to your team, the Speicher team, to determine that's the case. I am out of time. And don't bring the sheriff yet.

I'd like to ask of you just one real quick question. We've heard a lot about—and I'm going to submit for the record to you, George, and to you, Bob, more especially—whether we need a director of national intelligence, whether the FBI should be involved in counter terrorism, and a series of things that came from the joint investigative staff investigation on 9/11. And you can respond, and you don't have to do it next week. Or we can talk about it in the classified session.

Senator Lott, who is not with us here today, pointed out—or, actually, it was Senator Warner that actually pointed it out—in July prior to 9/11 that we had 14 committees in the Senate alone—14 committees; Lord knows how many subcommittees—that had jurisdiction over homeland security and national security. Senator Lott informed me after 9/11, about several months ago, there are now 80, if you combine the House and the Senate. I don't know which door you knock on. You're going to have to give this same presentation to Armed Services, and you should, because of the different tenor of that.

Would you all think that it might be a good idea for the House and Senate to reform itself so that you would know which door to knock on and you could give a cogent answer and there would be a one-stop shopping center, or at least a belly button-kind of committee that at least would, you know, be able to do the job rather than trying to report to 80 different committees and listen to 80 different speeches, times about 10 members of each committee? I think the answer is yes. Is that correct?

Director TENET. Sir, I don't think any of us would tell you how to reform the Congress. [Laughter.]

We'll work on reforming ourselves.

Chairman ROBERTS. Well, whisper in my ear. You could sort of nod your head or raise your eyebrow or something like that.

Director TENET. Maintaining very good discipline, I'm being disciplined at this moment, sir.

Chairman ROBERTS. I got it, George, I got it. [Laughter.]

All right. Senator Rockefeller.

Vice Chairman ROCKEFELLER. Thank you, Mr. Chairman.

Admiral, on your excellent preparation, testimony, you talked about North Korea being fundamentally destabilizing potentially and probably. And you talked about its missile system, Taepo-Dong II. If it's a two-stage thing, it reaches parts of America; if it goes to three-stage, it can reach all of America; that is, plutonium, a nuclear bomb. All the others at the panel table have mentioned all of the other kinds of threats around. North Korea I have in my own mind.

Is South Korea going to seek a different kind of relationship? It would be my judgment that it would over the next 10 to 20 years.

That either can be, you know, handled by redeployment of forces, or there is something going on in South Korea which is more than just young people going to coffee shops and saying un-nice things about America, but a fundamental desire of that country to establish itself on its own, to be seen as less than, you know, a part of our protection posture in Asia, in South Asia.

You have, in addition to that, the problem that you spoke of, Admiral, of poverty worldwide, of 95 percent, I think you said, of all the people who are in poverty will be in undeveloped nations in the population growth that occurs. So you have this enormous array, and each of you have ticked off all the countries that you worry about.

My question is to this point. And it's not a softball question or a set-up question, but it's one that needs to be asked. You can combine, coordinate, we can have a DNI or not have a DNI; at some point you have to have the resources and the people to be able to do all of this. Now, we're focused on Iraq, but we have to be—I mean, we haven't even talked about South America.

Various ones of you in the past have talked to me about fatigue, the fatigue factor, that people just have—they're overworked, they're overloaded, they have so much that they simply make mistakes, like we do, because they're tired and there aren't any replacements, or they're 24/7, all the time.

And I'm interested in, one, the answer to the first.

And secondly, what are we in danger of not being able to cover? Your responsibility is everything. You cannot perform on everything. That becomes a serious national security question. Director?

Director TENET. Well, Senator, I think it is a very important question. Where we are today is, in building our budgets and thinking through the future we basically have been made whole in terms of problems we were fixing and worries that we had, and there's an enormous infusion of dollars that have come to the community over the last two years with the President and the Secretary of Defense's support, so we're beefing up capabilities. People are an issue; we can't bring them on fast enough. And we're doing everything we can to bring them on.

The key question that we're now thoughtfully talking about with the Secretary of Defense and others is, in the world that you're headed to where information is going to have absolute primacy, do we really have the global coverage that we need? Do you really have the redundancy that you need? Is the architecture that we designed for collection in the early '90s sufficient? I think we all believe that there are dramatic improvements that have to be made. We're thinking about that very, very hard and what the resource implications are.

But it's very clear that the kind of global coverage, the connectivity—just the one issue that I talked about in my testimony, this issue of safe havens that are derived in states that basically can't deliver goods and services to their people, thereby creating new safe havens for terrorist organizations; coverage of these places is a nontrivial event. We can't tell you that we cover it with any speed or grace today. We make every effort we can. You put your finger on something that's very important and we're thinking about it right now as we make ourselves whole from lots of short-

falls in the '90s, and we're now asking the same question you're asking.

Vice Chairman ROCKEFELLER. I'll stop there. I'll just say that the world of intelligence is incredibly important and, therefore, it has to be done properly and thoroughly. That's your responsibility, that's also our responsibility to make sure it can happen.

Chairman ROBERTS. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

Senator Rockefeller raised the important question about North Korea. And I want to make this point. This President is working as hard as any President could to get to a diplomatic solution in both areas. And people say, well, there's no difference between the threats of North Korea or they're equally as—some say North Korea's more of a threat. But I think we should point out that the issue with North Korea basically—under this presidency, has just begun, and he's dealing with it diplomatically, as he should.

In the case of Iraq, we've been at it with the world for 12 years and 17 resolutions, and we're now at the point where other nations are thinking of prolonged inspections, doubling or tripling the size of the inspectors for an indefinite period of time—and I'll return to that.

But also, the Chairman brought up this question of weapons of mass destruction. And I think the importance of these hearings in the open is that the public can look each of you in the eye through the cameras and hear your response.

In response to the Chairman, Mr. Tenet, you say, frankly, you don't know whether Saddam Hussein would or would not employ weapons of mass destruction. But the troops deploying from my state by the tens of thousands, their families, I think we have to go a step further and point out there is a risk because he has a known record of having used them, and it is not simply that we don't know that.

Director TENET. Sir, if I may——

Senator WARNER. Let me just finish. And then, Admiral, the same question.

Now, you made no reference, Director Tenet, to the weapons in your opening statement, that is, the prepared statement. But the Defense Intelligence Agency did, and I read it: "Saddam's conventional military options and capabilities are limited, and we know that. They're significantly degraded since 1991. But I expect him"—this is I, you—"to preemptively attack the Kurds in the north, conduct missile and terrorist attacks against Israel and U.S. regional and worldwide interests, perhaps using WMD and the regime's link with al-Qa'ida."

So you seem to go a step further. Is there unity of thinking between DIA and CIA on this issue? Or, frankly, do you have a difference of view? Because I think in fairness, here in open we should tell the men and women of the armed forces, indeed, the civilians employed, and the families, exactly what your professional opinions are.

Director TENET. Sir, I think you have to plan on the fact that he would use these weapons.

Now, I was remarking—do I know what's in his head? I don't know. Do I know whether his subordinates will take the orders? I

don't know. There are some unknowables, but you must plan as if he will use these weapons.

Senator WARNER. Clear.

Admiral JACOBY. And, Senator, my comments are that in a period of time when he believes that the regime is going down, he will take every effort to divert attention, whether it's an attack on the north, an attack in Israel, or use the capabilities that are available to him in his own arsenal. And that's the projection they're based on, that situation.

Senator WARNER. So there are parallel views of the two principal agencies, correct?

Admiral JACOBY. I believe so.

Senator WARNER. The second question, Mr. Tenet, and to the Director of the Bureau, my constituents say: Well, let's look at this proposal maybe of extended time and enlarging the regime because Saddam Hussein is 6,000 miles away; he's no risk to us.

But I reply to them that these weapons of mass destruction in his possession can be disseminated through the worldwide terrorist groups and brought to the shores of the United States, in perhaps small quantities. One envelope, which was never opened, resulted in the deaths attributed to anthrax here, of courageous postal workers, and in some ways debilitated the Congress to operate for a significant period of time.

Now, what evidence can you share publicly that Iraq is disseminating through worldwide terrorist organizations or in other ways any of their alleged cache of literally tons of these chemicals and biological agents which can bring about mass destruction of our people?

Director TENET. Sir, we have provided the Committee with a number of classified papers that are well written and well done. And I think it documents the extent of what we have learned today. Obviously we have some concerns about the safe haven that's been created, and I did not suggest operational direction and control. But over time you learn more things.

How that plays out and whether, you know, these things get to second- or third-hand players is something that you're always worried about. So I think we've taken these cases as far as we can and given all these papers to you. And I'd like to let it rest with that. As we develop more data on this, I think what——

Senator WARNER. But that is a threat to the security here at home. Am I correct?

Director TENET. Sir, you have to worry about how those things can ultimately be transported in the hands of multiple groups to affect the security of the American people.

Senator WARNER. The views of the Bureau?

Director MUELLER. I fully support that. I am concerned always about the threat of WMD in an attack on the United States. You look at what would have happened if we had not gone into Afghanistan when we did to go after al-Qa'ida. Once we go into Afghanistan, we do find that they have research into developing WMD capabilities. And had we not gone in then, those capabilities could have matured to the point now where we would be in desperate, desperate shape.

Senator WARNER. Lastly, Mr. Ford, do——

Chairman ROBERTS. The Senator's time has expired, if I could——

Senator WARNER. Could I just ask him if the Department of State—he's been very silent here—give him a chance to participate—on this alleged resolution coming up through France and others, that triple, quadruple inspectors, leaving them for an indefinite time, does that merit consideration by the U.S., or are we prepared to try and go into that Security Council and knock that down?

Mr. FORD. Senator Warner, the question and response of Director Tenet earlier about whether or not the inspectors or inspection process is effective I think is relevant in answering your question.

Senator WARNER. Yes.

Mr. FORD. At least from an intelligence officer's perspective, you can keep those inspectors in there forever. You can triple or quadruple them. You can give them all kind of new rules, and you can't guarantee me that you can deal with the question of chemical, biological and nuclear programs of Saddam Hussein.

It's a case where the inspections have allowed these weapons of mass destruction to exist, and anyone who doesn't believe there's not enough evidence about these weapons of mass destruction hasn't looked or doesn't want to see; it's there.

And sure, if there's a diplomatic way to solve this problem, I, for one, would like to take it. The problem is is that we've had 12 years and all kinds of suggestions from friends and allies. Well, give him another day; give him another week. What I see as an intelligence officer, he's taken full advantage of that week, that day, that month, that year, those 12 years. So, when you come to me and say inspections; sure. It's a great idea; it's good; they have a hard job. But I'm not—as far as I'm concerned, it doesn't solve the problem of weapons of mass destruction in Iraq.

Senator WARNER. I thank the Chair.

Chairman ROBERTS. Senator Levin.

Senator LEVIN. Mr. Tenet, until your statement this morning that all valuable intelligence information in our possession has now been shared with U.N. inspectors, two public statements of the administration have been the following.

One, Secretary Powell on January 9, saying that we began sharing information, significant intelligence information, on Iraqi weapons programs a few days before—that's early January. He also said that we were withholding some of the sensitive information, waiting to see if inspectors are able to handle it and exploit it.

And then later in the month, at the end of the month, Secretary Rumsfeld and others said the following. That inspectors have been given as much information as they can digest.

Very different from what you are now saying, which is that as of today, all relevant information has now been provided to the U.N. that has intelligence value. My question to you is, have the U.N. inspectors been notified that they have been given all that they're going to get from us?

Director TENET. Sir, all that they're going to get is as we may——

Senator LEVIN. All that we believe is of significant intelligence value. Have they been notified——

Director TENET. I believe they have in our daily conversations. In fact, sir, we've given them a large packet of sites and then we have conversations with them every day.

Senator LEVIN. My question is have they been notified that we have no more packets of information that we plan on giving them——

Director TENET. Sir, we may develop more packets over time.

Senator LEVIN. As of what we have, have we notified——

Director TENET. I believe so, sir. I'd have to check. I haven't been the person in direct dialogue with them.

Senator LEVIN. Secondly, do you support U.N. inspectors using U–2 surveillance planes over Iraq?

Director TENET. Yes, sir.

Senator LEVIN. Pardon?

Director TENET. Yes, sir.

Senator LEVIN. Why?

Director TENET. Because in the absence of surveillance before, during and after an inspection—and I want to be careful about what I say here—you really have little ability to understand what they've done.

SEnator LEVIN. So the U–2s would help the inspectors?

Director TENET. I believe so, sir, yes.

Senator LEVIN. So you support giving the inspectors those U–2s.

Director TENET. Yes, I do.

Senator LEVIN. Now, relative to the relationship—by the way, I'm glad to hear that. That's sort of positive towards the possibility of inspections that we hear from the State Department representative that they can't guarantee anything, which is obvious. The question is whether they have a use or might actually provide some information that is available. I'm glad you acknowledge that providing them with the U–2s does, in fact, make sense. That's the first hint of support we've heard this morning for the inspection process, but it's welcome.

Would you say, Mr. Tenet, that the Zarqawi terrorist network is under the control or sponsorship of the Iraqi government?

Director TENET. I don't know that, sir, but I know that there's a safe haven that's been provided to this network in Baghdad.

Senator LEVIN. So you're not—well, you're saying that you don't know if they're under the support, that they are under the control or direction?

Director TENET. Yes, sir. We have said—what we've said is Zarqawi and this large number of operatives are in Baghdad. They say the environment is good. And it is inconceivable to us that the Iraqi intelligence service doesn't know that they live there or what they're doing.

Senator LEVIN. In the February 7 Washington Post, senior U.S. officials contacted by telephone by the reporter said that although the Iraqi government is aware of the group's activity, it does not operate, control, or sponsor. Do you disagree with that?

Director TENET. I'm sorry, sir; it's—on the basis of what I know today, I can't say "control" in any way, shape or form, but I will tell you, there's more data coming in here. So what you just read, I will stand by today, maybe not tomorrow, but we'll see where the data takes us.

Senator LEVIN. All right.

Next. Is Zarqawi himself a senior al-Qa'ida terrorist planner? -

Director TENET. He's a senior al-Qa'ida terrorist associate, yes, sir.

Senator LEVIN. No, is he a planner?

Director TENET. Yes, sir. He's met with bin Ladin.

Senator LEVIN. So he works for al-Qa'ida?

Director TENET. He's been provided money by them. He conceives of himself as being quite independent, but he's someone who's well known to them, has been used by them, has been contracted by them.

Senator LEVIN. Is he under their control or direction?

Director TENET. He thinks of himself as independent, sir, but he draws sustenance from them.

Senator LEVIN. All right. Do you disagree, then, with the senior administration officials in The Washington Post quoted on February 7 who say that although Zarqawi has ties to bin Ladin, he is not under al-Qa'ida's control or direction?

Director TENET. Sir, I don't agree with that statement. I believe they're witting about what he's doing. I believe they provide him sustenance, and I believe they use him effectively for their purposes and they know precisely what he's up to.

Senator LEVIN. And therefore you do not agree with the senior officials who said this?

Director TENET. No, sir. I think the relationship with him is more intimate than that.

Senator LEVIN. Unnamed. These are unnamed officials, of course. But even when they come from the CIA, they're unnamed.

Director TENET. Yes, sir.

Senator LEVIN. The reason I asked you about the statement whether or not they have bases—al-Qa'ida has bases in Iraq—is because of the statement this morning of Mr. Ford. He said you couldn't say that they have bases one way or the other. But I just want to let you know, on page 3 of Mr. Ford's testimony, he says that Saddam has allowed al-Qa'ida increasingly to secure bases from which to plan terrorist attacks.

Director TENET. Well, sir, you said to me—well, of course, in regard to this Kurdish—these——

Senator LEVIN. No, no. He's allowed. Saddam has allowed. That's not the Kurdish area.

Director TENET. Yeah. Well, he's allowing them to operate in Baghdad. Whether it's a base or not, I——

Senator LEVIN. But tell Mr. Ford you don't know whether they're a base so his next testimony will reflect some consistency with the CIA.

Director TENET. It would be a base of operation, sir, is the way I'd characterize it.

Mr. FORD. We've never had an agreement that we had to be consistent with the CIA. We give our own view.

Senator LEVIN. That sounds good. There's not unanimity about these issues in the intelligence community. That's a useful bit of information.

Thank you, Mr. Chairman.

Chairman ROBERTS. Well, let the record show that each Senator on the committee has a different view about what is going on.

Senator DeWine.

Senator DEWINE. Director Tenet, in regard to Afghanistan, talk to me a little bit about al-Qa'ida and other terrorist groups. What impact are they having there now?

Director TENET. I think, sir, that the area of our greatest worry, as you know, are the eastern provinces that abut the northwest frontier with Pakistan. And that's where we think that they continue to try and either Taliban remnants or al-Qa'ida remnants continue to operate.

I think we'd paint a picture of a country that, in relative terms, is pretty secure in the rest of the country. That doesn't obviate warlordism, factionalism that's occurring, but this is the part that of the world that creates—these eastern provinces and the northwest Pakistani frontier are the area where we have our greatest worry, greatest insecurity, greatest number of attacks on our forces and our people on the ground. So it's something that we have to work on pretty hard.

Senator DEWINE. Has that changed? I mean, what's the progress there?

Director TENET. Sir, I think the progress is——

Senator DEWINE. Is it worse than 60 days ago or——

Director TENET. I wouldn't say—no, I don't say it's worse. I will say it's something that is a steady state of worry for all of us.

Senator DEWINE. Admiral, do your analysts have, do you feel now, today, after the changes that we have seen made, do you feel your analysts have access across the community to the information that they need?

Admiral JACOBY. Sir, we've made steady progress. I'm not in a position to know sort of what I don't know at this point, but——

Senator DEWINE. It's a problem, isn't it?

Admiral JACOBY. It is, sir. And it's a point of ongoing discussion and work.

Senator DEWINE. Where are we with the FISA information?

Director MUELLER. The FISA information is disseminated to the community in real time now in ways it had not been before September 11. And I would let Mr. Tenet speak to that.

Senator DEWINE. I asked about dissemination about FISA.

Director TENET. Yeah, we get this material real time now as a result of the PATRIOT Act. So it's been quite beneficial to both of us. So there's a real-time access so that we can mine it for operational data, and Bob uses it for other purposes, for operational data as well. But it's moving very quickly.

Senator DEWINE. What about you, Admiral?

Admiral JACOBY. Sir, we see it as part of product, very carefully and clearly identified with the appropriate handling requirements attached to it.

Senator DEWINE. Director Mueller, your written testimony mentioned the FBI's efforts to work with suppliers and manufacturers of WMD materials to coordinate their voluntary reporting of any suspicious purchases or inquiries. How broadly is this effort being conducted, and have the suppliers and manufacturers actually been cooperative?

Director MUELLER. It's an effort throughout all of our field offices, and indeed they have been cooperative. We've had a number of investigations initiated because a manufacturer will come to us, having received an order from, say, two or three separate countries, and the order for this particular product will be a product that can be used to develop some form of WMD product, and they'll see that the order is all the same. And it may come from countries in the Middle East or the Far East. It will raise some suspicion, and we've had a number of investigations that have been triggered by just such information coming from manufacturers in the United States.

Senator DEWINE. So this is working?

Director MUELLER. It is working.

Senator DEWINE. Progress?

Director MUELLER. Yes.

Senator DEWINE. Admiral, your written testimony also describes the long-term trends with respect to weapons of mass destruction and missile proliferation. You describe this as "bleak"—this is your words. You note that 25 countries either possess now or are actively pursuing WMD or missile programs.

At this point we're focusing, of course, on preventing further proliferation and limiting the ability of rogue nations and unstable regimes from obtaining these weapons. But it's only a matter of time before these technologies are widely spread around the globe.

Let me just ask any members of the panel, how are we planning for that future time, when we get up to that number? Twenty-five countries would certainly change the dynamics of that. And I wonder if anyone wants to comment on that.

Director, you're nodding. Anybody that nods gets to go first.

Director TENET. Okay. Sir, I think, as I talked about in my statement, one of the things that worries me the most is the nuclear piece of this. I talked about the domino theory may be the nuclear piece. And you've got networks based on a country's indigenous capability, individual purveyors, and I think that we need to think—and this is a very important policy question, not my question—we need to think about whether the regimes we have in place actually protect the world any more.

In time periods where you could contain this problem to states with regimes, that's one thing. Today I'm afraid the technology and the material and the expertise is migrating in manners in a networked fashion that belies a theory that's based on borders and states. And I think this is a problem because it will play right into ballistic missile proliferation, the mating of nuclear weapons to missiles, and the proliferation piece, when mated to issues like terrorism, I think is the most difficult and most serious threat the country's going to face over the next 20 or 30 years.

Senator DEWINE. Thank you.

Chairman ROBERTS. The Director must leave very quickly to go to attend services for a fellow colleague, an intelligence officer. And at this juncture, on behalf of the entire Committee I would like to express our condolences. And if you would pass that to the family, and our prayers, and our heartfelt thanks.

Director TENET. Thank you, sir.

Chairman ROBERTS. Senator Snowe is next. If you feel—Senator Snowe, did you have a specific question of the Director?

Senator SNOWE. Well, it's just one. I'd just ask one question.

Chairman ROBERTS. Okay.

Senator SNOWE. And it's just on Iraq's potential nuclear capability. And I think that that is an issue that I would hope that, to the extent that you can, to give your perspective. I think we've seen, you know, nuclear-capable regimes and the complexities and challenges they represent to us and to the entire world. And I know you mentioned in your statement that—referring to procurements that had been made or attempted to be made by Iraq, that they go beyond the aluminum tubes. And there was a question, a dispute about the aluminum tubes and whether or not it's used for rockets—could you just explain that? Thank you.

Director TENET. Yes, ma'am. First, some history is important. At the time of the Gulf war the Iraqis were pursuing over five different routes to a nuclear weapon. In fact, when people walked into a facility after the Gulf war, they didn't even realize that there was a nuclear capability there until a defector told us to go look there. So he's had a concerted interest and an abiding interest in developing this capability, all while we have this period of inspections.

Now, aluminum tubes are interesting, and I know there's controversy associated with it.

Except that when you look at the clandestine nature of the procurement, and how they've tried to deceive what's showing up and then you look at the other dual-use items that they're trying to procure, we think we've stumbled onto one avenue of a nuclear weapons program. And there may be other avenues that we haven't seen. But that he is reconstituting his capability is something that we believe very strongly. If he had fissile material, we believe he could have a nuclear weapon within a year or two; that's our analytical judgment and our estimate.

The question that we have to worry about in this regard as you look at developments in his ballistic missile force, the delivery systems, is are you going to be surprised on the short side of that estimative process, with or without fissile material, because he's pursuing other routes that we have not yet understood?

So, for him, the whole game is about acquiring this nuclear capability. He's not someone—he's acquired these capabilities because he's aggressive and he intends to use them. And the question is, what do you do about somebody who continues to march down the road? Policy choices are yours, but no one should deceive themselves about what he intends to do.

And he's living in a region that's different than the region Kim Jong-Il lives in. His standing army is larger—even though it's a third the size that it was during the Gulf War, it's still larger than all the GCC states and fellow Arab nations combined. And he's used force in the region twice. So, what is this all about for him? Domination of a region where there are vital national security interests at stake for us and where you have very fragile regimes.

And that's a context that's a little bit different than the North Korean context, where facing down the South Koreans with American presence, the Japanese, the Chinese, or the Russians is a little bit different—not to mitigate the importance and seriousness of

what's going on on the peninsula of North Korea. But you have to be able to think about these things in somewhat separable terms and in terms of how policymakers think about it. That's all I'd say.

Senator SNOWE. But where is he most likely to acquire this fissile material?

Director TENET. Well, this is the $500 question that maybe we can talk about in closed session.

Senator SNOWE. But I think the important thing is here he could have the capability within a year——

Director TENET. If he had the material. And of course, we're looking for signs that he's acquired it. We haven't seen it yet, but this is a whole other issue and area that's of deep concern to us in terms of how this material moves around the world.

Senator SNOWE. Thank you. Thank you.

Chairman ROBERTS. I would like to thank all of the witnesses for your patience and your time and what you're doing for our country.

Let me say again that outside the budget hearings, which we must hold to address some asset deficiencies, we will have a structural reform series of hearings, with the FBI going first and the community second. There will be public hearings and there will be private.

And with that, again, I thank the witnesses, and the committee is adjourned.

[Whereupon, at 12:53 p.m., the Committee adjourned.]

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SSCI#2003-1836

United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

April 10, 2003

The Honorable George J. Tenet
Director of Central Intelligence
Central Intelligence Agency
Washington, D.C. 20505

Dear Director Tenet:

I appreciate your participation in our February 11 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 the Committee, but to the American public's awareness of U.S. national security interests.

I am submitting the attached questions for the record to you. The unclassified responses to these questions will be an important part of the hearing transcript which we hope to release as expeditiously as possible. Accordingly, I would appreciate it if you would respond in writing to these questions no later than May 30, 2003.

If there are any questions, please have your staff contact Don Mitchell of the Committee at 202/224-1700. I appreciate your cooperation in this matter.

Sincerely,

John D. Rockefeller IV
Vice Chairman

Enclosure

QUESTIONS FOR THE RECORD

The New Terrorist Threat Integration Center (TTIC)

1) In his recent State of the Union speech, President Bush announced that he has instructed the Director of Central Intelligence, the Director of the FBI, working with the Attorney General, and the Secretaries of Homeland Security and Defense to develop a Terrorist Threat Integration Center (TTIC). This new center will merge and analyze terrorist-related information collected domestically and abroad in order to form the most comprehensive possible threat picture. Please elaborate on how this new Center will function. How will it be managed, and what, if any, limitations will be put on the intelligence to be shared? When do you anticipate that this Center will be fully operational as envisioned? What additional resources will be needed to fund the FBI's contribution to this Center? Is there also a plan to move the Counterterrorism Division of the FBI and the DCI's Counterterrorism Center (CTC) into one building? To what extent were you consulted about the formation of this Center prior to the President's State of the Union speech?

Possible Terrorist Use of "Conflict Diamonds"

2) The mining and sale 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. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including al-Qa'ida?

The Threat of Cyberterrorism

3) The recent "Slammer" computer virus, which struck thousands of computers, crashing bank machines and disrupting businesses and Internet connections, underscores the vulnerability of the U.S. economy to cyberterrorism. Do we have any information that al-Qa'ida has the interest or ability to conduct cyberterrorist operations against the U.S.? What terrorist groups are the likeliest to conduct such operations? What is the ability of the U.S. Intelligence Community to provide actionable warning of cyber attacks? To the extent that this is a problem area, what is being done to rectify it? How does the transfer of the National Infrastructure Protection Center (NIPC) into the Homeland Security Department affect the government's approach to this problem?

Perceptions of the U.S. in the Arab World as a Catalyst for Terrorism

4) To what extent has U.S. support for Israel and the U.S. military presence in Saudi Arabia and elsewhere in the Middle East, served as a catalyst for anti-U.S. sentiment in the Arab World? How would a satisfactory resolution of the Arab-Israeli conflict and the removal of U.S. troops from Saudi Arabia diminish anti-U.S. sentiment?

The Potential for Agroterrorism

5) The potential use of terrorism against agricultural targets (i.e., agroterrorism) raises the prospects of significant economic loss and market disruption. U.S. Department of Agriculture officials estimate that a single agroterrorist attack on the livestock industry using a highly infective agent, for example, could cost the U.S. economy between $10 billion and $30 billion. How great do you consider the threat of agroterrorism to the U.S.? Do you have any information that terrorists or terrorist groups have tried to target U.S. agriculture? What are you doing to increase awareness of this threat within the United States?

Reaction to the Recommendations of the Joint Inquiry

6) Late last year, the House and Senate intelligence oversight committees released the findings, conclusions and recommendations of the Joint Inquiry into the terrorist attacks of September 11, 2001. The most significant recommendation of the Joint Inquiry was the creation of a Cabinet-level position of Director of National Intelligence (DNI) separate from the position of director of the CIA. The DNI would have greater budgetary and managerial authority over intelligence agencies in the Defense Department than currently possessed by the DCI. What is your opinion of this recommendation? What are the pros and cons of this proposal?

Intelligence Community Support to the Department of Homeland Security

7) To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security? How many employees have you committed, or anticipate committing, to the new Department? For how long will these employees be on loan to the Department? Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they? How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

Hizballah Activity in the U.S.

8) Suspected Hizballah members in the United States are believed to be primarily engaged in fund raising on behalf of the group's activities overseas. 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. Under what circumstances do you consider it likely that Hizballah will conduct terrorist activity inside the U.S.? How would Hizballah -- both domestically and internationally -- react to U.S. military operations against Iraq?

Possible Cooperation from Libya and Sudan for the War on Terrorism

9) It has been reported in the press that Libya has been sending signals that it wants to get out of the terrorism business and has offered to compensate the families of the victims of the bombing of Pan Am Flight 103. Sudan has reportedly arrested al-Qa'ida members and "by and large" shut down al-Qa'ida training camps on its territory. To what extent, if any, have Sudan and Libya diminished their support for terrorism? If so, how has that manifested itself? To what extent, if any, are these nations assisting in the War on Terrorism?

Afghanistan

10) How effectively is the Karzai regime dealing with the remnants of the Taliban and al-Qa'ida? Assuming the current level of international support for the Karzai regime, how long will it take for Afghanistan to become a democratic and economically viable state? What efforts are being taken to secure Afghanistan's borders and diminish that country's appeal as a safehaven for terrorists? To what extent is President Karzai committed to eradicating Afghanistan's opium crops?

Iraq and Direct Link to al-Qa'ida?

11) Please elaborate on the nature and extent of the Saddam Hussein regime's relationship with al-Qa'ida. How reliable is your intelligence on this matter? What evidence does the Intelligence Community have that Iraq may have been involved in the September 11, 2001, terrorist attacks against the U.S.?

North Korea's Nuclear Weapon Program

12) North Korea has recently withdrawn from the Nuclear Non-Proliferation Treaty, reopened nuclear installations shut down under the 1994 U.S.-North Korean Agreed Framework, expelled monitors from the International Atomic Energy Agency (IAEA) and demanded new negotiations with the U.S. What policy objectives is North Korea trying to attain through these actions? Under what circumstances is North Korea likely to use a nuclear weapon? What is the likelihood that North Korea will export fissile material, nuclear weapons technology or a complete nuclear weapon? To what extent are China, Japan and South Korea helping to resolve this issue?

Testing North Korea's Nuclear Weapon?

13) Is North Korea capable of developing simple fission weapons without conducting nuclear tests? Has North Korea conducted a nuclear test to date? Under what conditions would North Korea conduct a nuclear test?

Cuba

14) Has the Intelligence Community noted any increase or diminution of Cuba's support to terrorism since September 11, 2001? What is the likelihood that the resumption of U.S. trade with Cuba could hasten economic and political reform in Cuba? How significant is the espionage threat to the U.S. from Cuba?

The India-Pakistan Conflict

15) Last year, the Committee was told by the CIA that: "[t]he 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." What is your current assessment about the prospects for war between India and Pakistan? What is the likelihood that such a conflict would result in the use of nuclear weapons? What is the likelihood that the two countries will resolve the cross-border terrorism and Kashmir issues within the next several years?

Pakistan

16) What is your assessment of the stability of Pakistan's government? To what extent are Islamic fundamentalists influencing the government's policies on the War on Terrorism and U.S. relations? How helpful has Pakistan been in the War on Terrorism? What is the status and security of Pakistan's nuclear program? To what extent are you concerned that Islamic fundamentalist elements within Pakistan's government will provide nuclear weapon technology or other assistance to al-Qa'ida or other terrorist groups? What would Pakistan's likely reaction be to another Indian nuclear test? How would a U.S.-led war against Iraq impact the stability of Pakistan's government?

Stability of the Jordanian Regime

17) The CIA informed the Committee last year that: "...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 U.S. strike on Iraq could produce significant unrest." What threats does King Abdullah currently face from Islamic fundamentalists? What is the likelihood that resurgent Palestinian nationalism -- kindled by continuing Israeli-Palestinian violence and/or the U.S. military action against Iraq -- will seriously destabilize Jordan?

Security of the Russian Nuclear Stockpile

18) Last year, the CIA informed the Committee that "Russian safeguards for its WMD arsenal are uneven despite some improvements made with U.S. 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." Is this still an accurate description of the security of the Russian nuclear stockpile? Have you received any information in the last year that indicates that terrorists have tried to acquire Russian nuclear material?

Economic Espionage Against the U.S.

19) In 1996, the Committee was informed by the CIA that "[w]e see government-orchestrated theft of U.S. corporate S&T [science and technology] data as the type of espionage that poses the greatest threat to U.S. economic competitiveness. We have only identified about a half dozen governments that we believe have extensively engaged in economic espionage as we define it. These governments include France, Israel, China, Russia, Iran and Cuba." Do these countries still conduct economic espionage against the U.S.? What new trends do you see in the economic espionage threat to the U.S.? What foreign countries are responsible for providing U.S. technology to China and other countries of concern? What does the U.S. government do to alert U.S. industry to these threats?

The Challenges Facing Post-Saddam Iraq

20) Last year, the CIA told the Committee that: "[t]he 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."

With the fall of Saddam's regime, there will be many challenges to making Iraq a democratic, stable and economically viable regime -- including creation of an effective transitional security force, developing a comprehensive plan for security, eliminating weapons of mass destruction and establishing an international transitional administration. How long will this process take and how much will it cost? How is the Arab world reacting to an Iraq defeated and occupied by the U.S. and its allies? To what extent is this outcome increasing the likelihood that the U.S. will be targeted by Islamic terrorists such as al-Qa'ida?

Islamic Extremist Activity in Thailand

21) What is the current extent of Islamic extremist activity in Thailand? Is there any evidence that Al-Qa'ida fighters fled from Afghanistan to Thailand? If so, is the Thai government taking adequate steps to deal with the problem?

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SSCI#2003-1836-A

United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

April 10, 2003

The Honorable Robert Mueller
Director
Federal Bureau of Investigation
Washington, D.C. 20535

Dear Director Mueller:

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I am submitting the attached questions for the record to you. The unclassified responses to these questions will be an important part of the hearing transcript which we hope to release as expeditiously as possible. Accordingly, I would appreciate it if you would respond in writing to these questions no later than May 30, 2003.

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Sincerely,

John D. Rockefeller IV
Vice Chairman

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Reaction to the Recommendations of the Joint Inquiry

4) Late last year, the House and Senate intelligence oversight committees released the findings, conclusions and recommendations of the Joint Inquiry into the terrorist attacks of September 11, 2001. The Joint Inquiry also expressed concern with the reorientation of the FBI to counterterrorism and suggested consideration of the creation of a new domestic surveillance agency similar to Great Britain's MI5. What is your opinion about the pros and cons of creating a new domestic surveillance agency? What can we learn from Great Britain's experience with MI5?

Intelligence Community Support to the Department of Homeland Security

5) To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security? How many employees have you committed, or anticipate committing, to the new Department? For how long will these employees be on loan to the Department? Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they? How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

Hizballah Activity in the U.S.

6) Suspected Hizballah members in the United States are believed to be primarily engaged in fund raising on behalf of the group's activities overseas. 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. Under what circumstances do you consider it likely that Hizballah will conduct terrorist activity inside the U.S.? How would Hizballah – both domestically and internationally -- react to U.S. military operations against Iraq?

Possible Cooperation from Libya and Sudan for the War on Terrorism

7) It has been reported in the press that Libya has been sending signals that it wants to get out of the terrorism business and has offered to compensate the families of the victims of the bombing of Pan Am Flight 103. Sudan has reportedly arrested al-Qa'ida members and "by and large" shut down al-Qa'ida training camps on its territory. To what extent, if any, have Sudan and Libya diminished their support for terrorism? If so, how has that manifested itself? To what extent, if any, are these nations assisting in the War on Terrorism?

Economic Espionage Against the U.S.

8) In 1996, the Committee was informed by the CIA that "[w]e see government-orchestrated theft of U.S. corporate S&T [science and technology] data as the type of espionage that poses the greatest threat to U.S. economic competitiveness. We have only identified about a half dozen governments that we believe have extensively engaged in economic espionage as we define it. These governments include France, Israel, China, Russia, Iran and Cuba." Do these countries still conduct economic espionage against the U.S.? What new trends do you see in the economic espionage threat to the U.S.? What foreign countries are responsible for providing U.S. technology to China and other countries of concern? What does the U.S. government do to alert U.S. industry to these threats?

SSCI#2003-1836-B

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

April 10, 2003

Vice Admiral Lowell E. Jacoby
Director
Defense Intelligence Agency
Washington, D.C. 20340

Dear Admiral Jacoby:

I appreciate your participation in our February 11 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 the Committee, but to the American public's awareness of U.S. national security interests.

I am submitting the attached questions for the record to you. The unclassified responses to these questions will be an important part of the hearing transcript which we hope to release as expeditiously as possible. Accordingly, I would appreciate it if you would respond in writing to these questions no later than May 30, 2003.

If there are any questions, please have your staff contact Don Mitchell of the Committee at 202/224-1700. I appreciate your cooperation in this matter.

Sincerely,

John D. Rockefeller IV
Vice Chairman

Enclosure

QUESTIONS FOR THE RECORD

The New Terrorist Threat Integration Center (TTIC)

1) In his recent State of the Union speech, President Bush announced that he has instructed the Director of Central Intelligence, the Director of the FBI, working with the Attorney General, and the Secretaries of Homeland Security and Defense to develop a Terrorist Threat Integration Center (TTIC). This new center will merge and analyze terrorist-related information collected domestically and abroad in order to form the most comprehensive possible threat picture. Please elaborate on how this new Center will function. How will it be managed, and what, if any, limitations will be put on the intelligence to be shared? When do you anticipate that this Center will be fully operational as envisioned? What additional resources will be needed to fund the FBI's contribution to this Center? Is there also a plan to move the Counterterrorism Division of the FBI and the DCI's Counterterrorism Center (CTC) into one building? To what extent were you consulted about the formation of this Center prior to the President's State of the Union speech?

Intelligence Community Information Sharing

2) As this Committee learned through our Joint Inquiry, terrorist attacks, information sharing to enhance operations among intelligence agencies was inadequate. Please describe the progress made, and the problems that still exist, in sharing information between the various intelligence agencies.

Intelligence Community Support to the Department of Homeland Security

3) To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security? How many employees have you committed, or anticipate committing, to the new Department? For how long will these employees be on loan to the Department? Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they? How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

Afghanistan

4) How effectively is the Karzai regime dealing with the remnants of the Taliban and al-Qa'ida? Assuming the current level of international support for the Karzai regime, how long will it take for Afghanistan to become a democratic and economically viable state? What efforts are being taken to secure Afghanistan's borders and diminish that country's appeal as a safehaven for terrorists? To what extent is President Karzai committed to eradicating Afghanistan's opium crops?

North Korea's Nuclear Weapon Program

5) Last year, DIA informed the Committee that: "[w]e judge that North Korea has produced one, possibly two nuclear weapons." Do you still believe this is the case? What changes have you observed in North Korea's nuclear weapon program since North Korea announced that it is withdrawing from the Nuclear Non-Proliferation Treaty? What information do you have that North Korea has provided ballistic missile technology, weapons of mass destruction or other support to Iraq, al-Qa'ida or other terrorists groups? What is your assessment of North Korea's intention to flight test new or existing missile systems? What is the operational status of the Taepo Dong 1 as a surface-to-surface missile?

Prospects for Instability in North Korea

6) What are the prospects for a coup or revolution in North Korea? What are the risks of such an event spilling over into a regional conflict as the competing interests of the U.S., South Korea and China come into conflict? 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? How confident are you of your assessments considering the closed nature of North Korea?

Prospects for War Between China and Taiwan

7) What is the likelihood that China will attempt an invasion of Taiwan in the next five years? What factors would lead Beijing to consider a military versus a peaceful resolution of cross-strait issues? What is your current assessment of China's amphibious program and future invasion capabilities? How many missiles does China possess that could strike Taiwan, what is the destructive capability of this missile force, and what is Taiwan's retaliatory missile capability? To what extent have close U.S.-Taiwan relations been an obstacle to closer U.S.-China ties?

Sino-Japanese Relations

8) What is the likelihood that there will be an increase in tensions between China and Japan in the next five years? What are the main factors that influence this bilateral relationship? What factors could most exacerbate tensions in this relationship?

Pakistan

9) What is your assessment of the stability of Pakistan's government? To what extent are Islamic fundamentalists influencing the government's policies on the War on Terrorism and U.S. relations? How helpful has Pakistan been in the War on Terrorism? What is the status and security of Pakistan's nuclear program? To what extent are you concerned that Islamic fundamentalist elements within Pakistan's government will provide nuclear weapon technology or other assistance to al-Qa'ida or other terrorist groups? What would Pakistan's likely reaction be to another Indian nuclear test? How would a U.S.-led war against Iraq impact the stability of Pakistan's government?

Security of the Russian Nuclear Stockpile

10) Last year, the CIA informed the Committee that "Russian safeguards for its WMD arsenal are uneven despite some improvements made with U.S. 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." Is this still an accurate description of the security of the Russian nuclear stockpile? Have you received any information in the last year that indicates that terrorists have tried to acquire Russian nuclear material?

The Challenges Facing Post-Saddam Iraq

11) Last year, the CIA told the Committee that: "[t]he 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."

With the fall of Saddam's regime, there will be many challenges to making Iraq a democratic, stable and economically viable regime -- including creation of an effective transitional security force, developing a comprehensive plan for security, eliminating weapons of mass destruction and establishing an international transitional administration. How long will this process take and how much will it cost? How is the Arab world reacting to an Iraq defeated and occupied by the U.S. and its allies? To what extent is this outcome increasing the likelihood that the U.S. will be targeted by Islamic terrorists such as al-Qa'ida?

The Future of North Korea

12) In 1996, DIA informed the Committee that "[t]he likelihood that North Korea will continue to exist in its current state 15 years from now is low to moderate. Unless solutions to the North's economic problems are found, the regime will not be able to survive. It will have to adapt, slide into irrelevance, or collapse/implode. This has led many analysts to believe a process of political self-destruction has begun with potential for system collapse within 3 years." While the North Korean regime obviously did not collapse within three years of that statement, what do you think of the long-term viability of the North Korean regime? What do you believe is the likeliest scenario for the North Korean regime's demise -- adaptation, sliding into irrelevance, or collapse/implode?

The Impact of U.S. Military Withdrawal from South Korea

13) How serious is anti-American sentiment in South Korea at present? If the U.S. were to withdraw its military forces from South Korea, what would be the impact on the region -- and specifically, on North Korea-South Korea relations?

Possible Iraq-Libya WMD Cooperation

14) What information do we have regarding cooperation between Iraq and Libya with regard to Weapons or Mass Destruction? Please elaborate.

The Purpose of Saddam's WMD Programs

15) What is the primary purpose of Saddam Hussein's WMD programs, deterrence or some more aggressive purpose (e.g., for use in terrorist attacks)?

Possible Saudi Pursuit of WMD

16) Do we have any reason to believe that Saudi Arabia is seeking WMD from Pakistan or other countries? Please elaborate.

Saudi Arabia

17) The Sunday, February 9, 2003 edition of ***The New York Times*** reported that "Saudi Arabia's leaders have made far-reaching decisions to prepare for an era of military disengagement from the United States, to enact what Saudi officials call the first significant democratic reforms at home, and to reign in the conservative clergy that has shared power in the kingdom." The article also stated that Crown Prince Abdullah will ask President Bush to withdraw all American armed forces from Saudi Arabia as soon as the campaign to disarm Iraq has concluded. What is your assessment of the likelihood that Saudi Arabia will seek to alter its military relationship with the U.S. and institute democratic reforms? Please characterize the nature and extent of Saudi cooperation with U.S. intelligence and law enforcement on counterterrorism in general and the investigation into the September 11 attacks in particular.

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SSCI#2003-1836-C

United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6475

April 10, 2003

The Honorable Carl Ford
Assistant Secretary of State for Intelligence and Research
Department of State
Washington, D.C. 20520

Dear Assistant Secretary Ford:

I appreciate your participation in our February 11 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 the Committee, but to the American public's awareness of U.S. national security interests.

I am submitting the attached questions for the record to you. The unclassified responses to these questions will be an important part of the hearing transcript which we hope to release as expeditiously as possible. Accordingly, I would appreciate it if you would respond in writing to these questions no later than May 30, 2003.

If there are any questions, please have your staff contact Don Mitchell of the Committee at 202/224-1700. I appreciate your cooperation in this matter.

Sincerely,

John D. Rockefeller IV
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Enclosure

QUESTIONS FOR THE RECORD

Intelligence Community Information Sharing

1) As this Committee learned through our Joint Inquiry, terrorist attacks, information sharing to enhance operations among intelligence agencies was inadequate. Please describe the progress made, and the problems that still exist, in sharing information between the various intelligence agencies.

Intelligence Community Support to the Department of Homeland Security

2) To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security? How many employees have you committed, or anticipate committing, to the new Department? For how long will these employees be on loan to the Department? Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they? How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

North Korea's Nuclear Weapon Program

3) North Korea has recently withdrawn from the Nuclear Non-Proliferation Treaty, reopened nuclear installations shut down under the 1994 U.S.-North Korean Agreed Framework, expelled monitors from the International Atomic Energy Agency (IAEA) and demanded new negotiations with the U.S. What policy objectives is North Korea trying to attain through these actions? Under what circumstances is North Korea likely to use a nuclear weapon? What is the likelihood that North Korea will export fissile material, nuclear weapons technology or a complete nuclear weapon? To what extent are China, Japan and South Korea helping to resolve this issue?

Prospects for Instability in North Korea

4) What are the prospects for a coup or revolution in North Korea? What are the risks of such an event spilling over into a regional conflict as the competing interests of the U.S., South Korea and China come into conflict? 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? How confident are you of your assessments considering the closed nature of North Korea?

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Sino-Japanese Relations

6) What is the likelihood that there will be an increase in tensions between China and Japan in the next five years? What are the main factors that influence this bilateral relationship? What factors could most exacerbate tensions in this relationship?

The Situation in Iran

7) Last year, State/INR informed the Committee that "Iran, despite the setbacks of the last couple of years, stands among the most democratic governments of the Islamic world." Is President Khatami still considered a champion of reform among the general public? How strong is his hold on power? How has the War on Terrorism in Afghanistan and elsewhere, and the potential for war in Iraq, affected the reform movement in Iran? Have you seen any reduction in Iran's support for international terrorism in the last year? Do you have any information that the government of Iran and al-Qa'ida are working together to conduct terrorist operations? Under what circumstances would Iran be likely to end its support for terrorism? What is the status of Iran's WMD efforts and how do they compare to Iraq? How is Iran likely to react -- militarily and otherwise -- to a U.S. led invasion of Iraq?

The Challenges Facing Post-Saddam Iraq

8) Last year, the CIA told the Committee that: "[t]he 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."

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Central Intelligence Agency

Washington, D.C. 20505

SSCI# 2003 - 3662

18 August 2003

The Honorable Pat Roberts
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 of 11 February 2003. The classified responses to the Questions for the Record were forwarded under a separate letter.

Should you have any questions regarding this matter, please do not hesitate to call me or have a member of your staff contact Paul Dufresne of my staff at (703) 482-7642.

Sincerely,

Stanley M. Moskowitz
Director of Congressional Affairs

Enclosure

SSCI Questions for the Record
Regarding 11 February 2003 DCI World Wide Threat briefing

The New Terrorist Threat Integration Center

1. In his recent State of the Union speech, President Bush announced that he has instructed the Director of Central Intelligence, the Director of the FBI, working with the Attorney General, and the Secretaries of Homeland Security and Defense to develop a Terrorist Threat Integration Center (TTIC). This new center will merge and analyze terrorist-related information collected domestically and abroad in order to form the most comprehensive possible threat picture. Please elaborate on how this new Center will function. How will it be managed, and what, if any, limitations will be put on the intelligence to be shared? When do you anticipate that this Center will be fully operational as envisioned? What additional resources will be needed to fund the FBI's contribution to this Center? Is there also a plan to move the Counterterrorism Division of the FBI and DCI's Counterterrorism Center (CTC) into one building? To what extent were you consulted about the formation of this Center prior to the President's State of the Union speech?

a) Please elaborate on how this new Center will function.

The TTIC will function as an interagency joint venture, composed of Member organizations including Department of Justice/Federal Bureau of Investigation (FBI), Central intelligence Agency (CIA), Department of Homeland Security (DHS) including Transportation Security Administration (TSA), U.S. Secret Service (USSS), and Bureau of Immigration and Customs Enforcement (BICE), Department of Defense (DoD) including National Security Agency (NSA), Defense Intelligence Agency (DIA), National Imagery and Mapping Agency (NIMA), and Department of State (DoS).

(The mission of TTIC is to enable full integration of U.S. Government terrorist threat-related information and analysis. It is really about two things – increased information sharing and more comprehensive analysis. TTIC will provide in-depth threat assessments to other Federal agencies and departments to inform their own activities. TTIC will help the U.S. Government to think and speak with one voice when it comes to determining the nature, scope, capabilities and immediacy of the terrorist threats we face.

b) How will it be managed, and what, if any, limitations will be put on the intelligence to be shared?

TTIC will be managed as a joint venture. Those assigned to TTIC will remain employees of their parent agencies. For purposes of their TTIC-related duties,

all personnel working in the Center will report to D/TTIC, who will, in turn, report to the DCI in his statutory capacity as head of the Intelligence Community. TTIC's leadership structure will support the D/TTIC and include representatives of the FBI, DHS, DoD, Department of State, and the DCI.

In establishing TTIC, the Senior Steering Group was careful not to erect any new cultural or institutional barriers to information sharing. The sharing of information within TTIC and to TTIC customers will be maximized to every extent possible, while adhering to existing limitations governing TTIC Member organizations and contained in existing legislation and executive orders. Careful attention will be given to the need to protect the rights and civil liberties of U.S persons.

c) When do you anticipate that this Center will be fully operational as envisioned?

Although TTIC capabilities and responsibilities will evolve over the next several years, we expect to be fully operational no later than summer of 2004.

d) What additional resources will be needed to fund the FBI's contribution to this Center?

The TTIC senior management team is working closely with the Department of Justice/FBI Director to identify resources required to meet stated objectives for the continuous build up of personnel and capabilities until the final operational capability of TTIC is achieved.

e) Is there also a plan to move the Counterterrorism Division of the FBI and the DCI's Counterterrorism Center (CTC) into one building?

Yes, beginning in September 2004, per the President's direction to co-locate TTIC with portions of the FBI's Counterterrorism Division (CTD), and the DCI's Counterterrorist Center (CTC).

f) To what extent were you consulted about the formation of this Center prior to the President's State of the Union speech?

The DCI and other officials of the Intelligence Community, along with the Director of the FBI engaged in discussions with the Administration about the formation of an intelligence fusion center prior to the President's State of the Union speech.

Possible Terrorist Use of "Conflict Diamonds"

2. The mining and sale 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. Do you have any information that "conflict diamonds" are being used to subsidize the activities of terrorist groups, including al-Qa'ida?

We have not been able to corroborate several press reports since November 2001 claiming widespread al-Qa'ida involvement in the African conflict diamond industry. Our investigation indicates a principal source of these reports fabricated his allegations. Moreover, several of the press reports conflict with reliable information that al Qa'ida relies heavily on donations from the Gulf region. Nonetheless, given the seriousness of the issue, we continue to gather additional information on these activities.

The Threat of Cyberterrorism

3. The recent "Slammer" computer virus, which struck thousands of computers, crashing bank machines and disrupting businesses and Internet connections, underscores the vulnerability of the U.S. economy to cyberterrorism. Do we have any information that al-Qa'ida has the interest of ability to conduct cyberterrorist operations against the U.S.? What terrorist groups are the likeliest to conduct such operations? What is the ability of the U.S. Intelligence Community to provide actionable warning of cyber attacks? To the extent that this is a problem area, what is being done to rectify it? How does the transfer of the National Infrastructure Protection Center (NIPC) into the Homeland Security Department affect the government's approach to this problem?

The response to this question is classified. Please see the classified addendum.

Perceptions of the U.S. in the Arab World as a Catalyst for Terrorism

4. To what extent has US support for Israel and the US military presence in Saudi Arabia and elsewhere in the Middle East, served as a catalyst for anti-US sentiment in the Arab World? Would a resolution of the Arab-Israeli conflict and the removal of US troops from Saudi Arabia diminish anti-US sentiment?

Editorial opinion, media reports and press interviews indicate that US policy towards the Israel-Palestinian conflict and US troop presence in the Gulf are important drivers of anti-US sentiment in the region. The presence of US troops in Saudi Arabia since 1991 has been at the heart of Usama Bin Ladin's campaign against the US and the Al-Saud. Settlement of the Israeli-Palestinian conflict on terms acceptable to the Palestinians and key Arab states--for example, along the lines of Saudi Crown Prince Abdallah's initiative-- would probably reduce anti-US feeling in the region considerably.

The Potential for Agroterrorism

5. The potential use of terrorism against agricultural targets (i.e., agroterrorism) raises the prospects of significant economic loss and market disruption. U.S. Department of Agriculture officials estimate that a single agroterrorist attack on the livestock industry using a highly effective agent, for example, could cost the U.S. economy between $10 billion and $30 billion. How great do you consider the threat of agroterrorism to the U.S.? Do you have any information that terrorists or terrorist groups have tried to target U.S. agriculture? What are you doing to increase awareness of this threat within the United States?

The response to this question is classified. Please see the classified addendum.

Reaction to the Recommendations of the Joint Inquiry

6. Late last year, the House and Senate intelligence oversight committees released the findings, conclusions and recommendations of the Joint Inquiry into the terrorist attacks of September 11, 2001. The most significant recommendation of the Joint Inquiry was the creation of a Cabinet-level position of Director of National Intelligence (DNI) separate from the position of director of CIA. The DNI would have greater budgetary and managerial authority over intelligence agencies in the Defense Department than currently possessed by the DCI. What is your opinion of this recommendation? What are the pros and cons of this proposal?

I do not support the recommendation to separate the head of the IC, whether DCI or DNI, from the CIA. The DCI's direct relationship with, and control over, the CIA is essential to the DCI's ability to carry out his mission and functions as the head of the IC. Dissolving the existing links between the head of the IC and the CIA would weaken both the Community and the Agency.

Intelligence Community Support to the Department of Homeland Security

7. To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security? How many employees have you committed, or anticipate committing to the new Department. For how long will these employees be on loan to the Department? Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they? How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

a) To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security?

(The DCI, in his capacity as head of the Intelligence Community, is fully committed to providing support to the new Department of Homeland Security as it defines the processes and capabilities necessary to be effective in protecting America.)

b) How many employees have you committed, or anticipate committing, to the Department?

The DCI has not committed to any specific number of officers to support DHS, but rather, to address targeted requests for assistance, as negotiated between the DHS and senior Intelligence Community leaders. To date, the Intelligence Community has provided 10 to 15 officers with expertise in physical security, information security, analysis, and watch center operations to support specific DHS mission needs. Most of the officers currently providing support to DHS have been drawn from other than main-line analytic components so as to maintain the required analytic bench strength of the Intelligence Community and to address specific requirements specified by DHS.

c) For how long will these employees be on loan to the Department?

The nature and duration of the support provided to DHS by individual Intelligence Community officers varies. Some have signed up to support DHS for six months at a time, with extensions possible. More recently, we have been working with DHS officials to establish reimbursable rotations and have designated a handful of detailees to DHS for up to two year tours.

d) Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge?

The Intelligence Community has been working closely with the Office of Homeland Security at first, and now the Department of Homeland Security, to identify specific intelligence requirements and to ensure that this information gets to the Department. We have established and enhanced connectivity to existing and new customers across the Federal government, including direct feeds of intelligence to the Bureau of Immigration and Customs Enforcement (BICE), Transportation Security Administration (TSA), U.S. Secret Service (USSS), and others who have all become part of the new DHS, as well as others with homeland security roles and responsibilities, including the Departments of Health and Human Services, Interior, Agriculture, the Nuclear Regulatory Commission, Federal Protective Service and Joint Terrorism Tasks Forces (JTTFs) across the country.

e) If so, what are they?

Terrorist threat-related information, as derived from foreign intelligence sources is the main category of information provided by the Intelligence Community to the Department of Homeland Security.

f) How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

The DCI's commitment to the new DHS will not significantly diminished our ability to focus on other Intelligence Community problems by design. While it is true that limited IC resources are stretched very thin, our support to the new DHS is focused to maximize benefit and has been thoughtfully negotiated by all parties involved.

Hizballah Activity in the U.S

8. Suspected Hizballah members in the United States are believed to be primarily engaged in fund raising on behalf of the group's activities overseas. 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. Under what circumstances do you consider it likely that Hizballah will conduct terrorist activity inside the U.S.? How would Hizballah--both domestically and internationally--react to U.S. military operations against Iraq?

Please see the classified addendum.

Possible Cooperation from Libya and Sudan for the War on Terrorism

9. It has been reported in the press that Libya has been sending signals that it wants to get out of the terrorism business and has offered to compensate the families of the victims of the bombing of Pan Am Flight 103. Sudan has reportedly arrested al-Qa'ida members and "by and large" shut down al-Qa'ida training camps on its territory. To what extent, if any, have Sudan and Libya diminished their support for terrorism? If so, how has that manifested itself? To what extent, if any, are these nations assisting in the War on Terrorism?

Libya has a longstanding policy of targeting Islamic—mainly Libyan—extremists that pre-dates the US-led war on terrorism. Since the terrorist attacks of 11 September 2001, Qadhafi has repeatedly denounced al-Qa'ida and Islamic extremists. In September 2002, Qadhafi declared that Libya would combat as doggedly as the United States the al-Qa'ida organization and "heretics"—a reference to the Libyan Islamic Fighting Group (LIFG), an extremist organization allied with al-Qa'ida that has led a decade-long campaign to overthrow Qadhafi's regime. The United States Government also identifies the LIFG as a terrorist threat, having placed the group on the Terrorism Exclusion List, which allows for its members to be barred from entering the United States or possibly deported if located here.

- Libya quietly seeks to render to Libyan custody Libyan Islamic extremists, many of whom are affiliated with the LIFG.

- Following the 11 September terrorist attacks, Libya disclosed that it had submitted an arrest warrant to Interpol for Usama Bin Ladin. In September 2001, Interpol officials confirmed that Libya's warrant was authentic and that Tripoli had requested Bin Ladin's extradition in 1998, alleging that LIFG members who murdered two German tourists in Libya in 1994 were linked to Bin Ladin.

In 2002, Libya became a party to the 1999 Convention for the Suppression of the Financing of Terrorism and the 1991 Convention on the Making of Plastic Explosives for the Purpose of Detection. It is a party to all 12 international conventions and protocols relating to terrorism.

Libya appears to have curtailed its support for international terrorism, although it may maintain residual contacts with some of its former terrorist clients. In April 2003, Libya's Foreign Minister announced that Tripoli would compensate the families of the victims of Pan Am Flight 103 and accept "civil responsibility" for the 1988 bombing, for which a Scottish court convicted Libyan intelligence agent 'Abd al-Basset 'Ali al-Meghrahi in 2001.

Sudanese officials continue to publicly denounce terrorism, highlight their cooperation with the US, and call for an international framework and global coordination in the fight against terrorism.

- The United Nations in late September 2001 recognized Sudan's positive steps against terrorism by removing UN sanctions.

- Khartoum has improved and expanded its counterterrorism cooperation with the US Government, and Sudanese authorities have investigated and apprehended Islamic extremists suspected of involvement in al-Qa'ida.

Despite Sudan's efforts to crack down on some terrorists, a number of groups including al-Qa'ida, the Egyptian Islamic Jihad, Egyptian al-Gama'a al-Islamiyya, PIJ, and HAMAS continue to operate at varying levels in Sudan. There is no indication the Sudanese Government currently supports al-Qa'ida; however, Sudan has not fundamentally altered its long-established policy of supporting HAMAS and the Palestine Islamic Jihad (PIJ), allowing them to raise funds and recruit supporters.

Afghanistan

10. How effectively is the Karzai regime dealing with the remnants of the Taliban and al-Qa'ida? Assuming the current level of international support for the Karzai regime, how long will it take for Afghanistan to become a democratic and economically viable state? What efforts are being taken to secure Afghanistan's borders and diminish that country's appeal as a safehaven for terrorists? To what extent is President Karzai committed to eradicating Afghanistan's opium?

The Karzai government faces many challenges in dealing with remnant Taliban and al-Qa'ida fighters, one of the most glaring being its inability to project power beyond Kabul. While local militia forces do conduct operations to weed out anti-government elements, they are acting on orders from provincial governors or local commanders; the central government has little control over these forces.

- Militia forces in Kandahar recently engaged Taliban remnants hiding in villages in the southern region of the province.

- US and Coalition forces, currently bear the overwhelming responsibility for security and counter terrorist operations in Afghanistan.

- The Afghan National Army (ANA) will eventually be the central government's force for dealing with extremist elements but building this army is a long-term project. The ANA currently has only a fraction of the soldiers and skills needed to conduct effective counter-insurgency operations further limiting the central government's control in hostile areas.

It could take several years for Afghanistan to establish a government based on democratic ideals and the rule of law. Members of the international community and prominent Afghans laid the foundation for this and outlined the timeline by which democratic institutions would be established in December 2001 as part of the Bonn Agreement. The Agreement includes two essential building blocks toward creating a broad-based democratic state—drafting and approving a constitution, and holding "free and fair" national elections.

- According to the Bonn Agreement, Afghanistan is scheduled to hold a loya jirga (grand council) to approve the constitution in October 2003 and plans to hold the elections in June 2004.

- The Afghan government, however, faces severe logistical and political challenges and will be hard pressed to adhere to this timeline without

international prodding and support. Even if they fulfill the provisions of the Bonn agreement, Afghans are unaccustomed to direct civic participation and could take considerable time to fully embrace democratic institutions.

On the economic side, the World Bank in January 2002 predicted that it would take 8-10 years, at least $15-20 billion dollars, and sustained international attention to move Afghanistan toward economic self-sufficiency. With little infrastructure yet rebuilt, and high levels of illiteracy, heavy dependence on international technical assistance to rebuild its economic institutions, Afghanistan has a long path ahead to economic viability.

- Afghanistan may already be slipping on its targets for economic development for the coming year because of a noticeable drop in actual international funding and sustained difficulties garnering the domestic revenue it needs to pay salaries, fund ministries, and push through requisite legal ground work.

It will take sustained domestic and international investment before Afghanistan can capitalize on its assets--natural resources, an entrepreneurial culture, a strong desire to modernize and a strong development-oriented long term plan. In the next three months to year, Kabul must take a dual pronged approach, focusing on building support for the central government while also building up economic institutions and infrastructure to invite private investment and re-energize donors.

- Afghanistan must get moving within the year on three key areas-- human capital development, infrastructure reconstruction and institution building--if it is to realize its stated goal of 8-10 percent economic growth this year.

- In the near term, building support for the central government will require finding a stable funding source to pay civil servant and military salaries, getting Afghans ready for the key fall planting season, providing visible improvements nationwide in sanitation and drinking water provision, and most critically, providing the means for Afghans to earn a steady income.

Plans are underway to establish a professional border police force to secure Afghanistan's borders—this forces only exists on paper and international assistance is needed to provide funding and train the officers. Border checkpoints are currently manned and set up on an ad hoc basis by local militia forces. The central government has little say in the establishment of the checkpoints and how they are enforced.

- Military officials in Khowst province recently sent a large number of soldiers to the border with Pakistan to block the entry of foreigners seeking to enter Afghanistan illegally.

Karzai remains committed to eradicating opium poppy in Afghanistan and has publicly expressed his desire to make the country poppy-free in ten years. He has even criticized UK anti-poppy proposals for not being extensive enough. Karzai intends for eradication to be accompanied by extensive alternative development and reconstruction aid for affected farmers, however his need to rely on provincial and local forces to carry out the eradication have hampered the results.

Iraq and Direct Link to al-Qa'ida?

11. Please elaborate on the nature and extent of the Saddam Hussein regime's relationship with al-Qa'ida. How reliable is your intelligence on this matter? What evidence does the Intelligence Community have that Iraq may have been involved in the September 11, 2001 terrorist attacks against the U.S.?

The response to this question is classifed. Please see classified addendum.

North Korea's Nuclear Policy Objective and Regional Reaction

12. North Korea has recently withdrawn from the Nuclear Non-proliferation Treaty (NPT), reopened nuclear installations shut down under the 1994 US-North Korean Agreed Framework, expelled monitors from the International Atomic Agency (IAEA), and demanded new negotiations with the US. What policy objective is North Korea trying to attain through these actions? Under what circumstances is North Korea likely to use a nuclear weapon? What is the likelihood that North Korea will export fissile material, nuclear weapons technology or a complete nuclear weapon? To what extent are China, Japan, and South Korea helping to resolve this issue?

N.B.: There is an additional classified response to this question. Please see the classified addendum.

We assess that the North expelled IAEA inspectors and withdrew from the NPT in an attempt to seize the diplomatic initiative, in part by escalating tensions, and turn the October 2002 confrontation over its uranium enrichment program to Pyongyang's advantage. Kim Chong-il probably judges that nuclear weapons provide him the capability to deter US attack and strengthen his hand in dealing with Washington, South Korea, and other states in the region.

- North Korean officials publicly claim that Iraq's example shows that only tremendous deterrent force can guarantee national security and that failure to resolve the nuclear issue through dialogue would force the North to mobilize "all potentials."

- China, South Korea, and Japan are focused on preventing Pyongyang from further escalation.

Testing North Korea's Nuclear Weapon?

13. Is North Korea capable of developing simple fission weapons without conducting nuclear tests? Has North Korea conducted a nuclear test to date? Under what conditions would North Korea conduct a nuclear test?

N.B.: There is an additional classified response to this question. Please see the classified addendum.

We assess that North Korea has produced one or two simple fission-type nuclear weapons and has validated the designs without conducting yield-producing nuclear tests. Press reports indicate North Korea has been conducting nuclear weapon-related high explosive tests since the 1980s in order to validate its weapon design(s). With such tests, we assess North Korea would not require nuclear tests to validate simple fission weapons.

There is no information to suggest that North Korea has conducted a successful nuclear test to date.

The North's admission to US officials last year that it is pursuing an uranium enrichment program and public statements asserting the right to have nuclear weapons suggest the Kim Chong-il regime is prepared to further escalate tensions and heighten regional fears in a bid to press Washington to negotiate with Pyongyang on its terms. If North Korea decided to escalate tensions on the Korean Peninsula, conducting a nuclear test would be one option. A test would demonstrate to the world the North's status as a nuclear-capable state and signal Kim's perception that building a nuclear stockpile will strengthen his regime's international standing and security posture.

- Pyongyang has already expelled International Atomic Energy Agency inspectors from its nuclear facilities, withdrawn from the Nuclear Non-Proliferation Treaty, and resumed reactor operations at the Yongbyon nuclear research center.

A North Korean decision to conduct a nuclear test would entail risks for Pyongyang of precipitating an international backlash and further isolation. Pyongyang at this point appears to view ambiguity regarding its nuclear capabilities as providing a tactical advantage.

- North Korea in early April publicly claimed that the Iraq war shows only tremendous deterrent force can avert war and that failure to resolve the nuclear issue through dialogue would force the North to mobilize all potentials, almost certainly a reference to nuclear weapons.

Cuba

14. Has the Intelligence Community noted any increase or diminution of Cuba's support to terrorism since September 11, 2001? What is the likelihood that the resumption of U.S. trade with Cuba could hasten economic and political reform in Cuba? How significant is the espionage threat to the U.S. from Cuba?

Has the Intelligence Community noted any increase or diminution of Cuba's support to terrorism since September 11, 2001?

The Cuban government supported Communist insurgents and other radical groups engaged in terrorist activities in the 1960s-80s. Dozens of individuals affiliated at some time with violent groups in Spain, Chile, and other Latin American countries still reside in Cuba, and members of the Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army (ELN) visit Havana for meetings, medical treatment, and reportedly political training. A Cuban official publicly confirmed in 2001 that a member of the Irish Republican Army arrested in Colombia on charges of providing terrorist training to the FARC had represented Sinn Fein in Havana for five years. Members of a Puerto Rican group involved in violent attacks in the United States in the 1960s and 1970s also reside in Cuba. We have no credible evidence, however, that the Cuban government has engaged in or directly supported international terrorist operations in the past decade, although our information is insufficient to say beyond a doubt that no collaboration has occurred.

What is the likelihood that the resumption of US trade with Cuba could hasten economic and political reform in Cuba?

Analysts have debated the impact of the US economic embargo—and the potential impact of its lifting—for 40 years. The embargo was initially instituted because the Castro government nationalized US-owned industries and businesses, and the rationale has evolved over the years to US rejection of Cuba's relationship with the Soviet Union, its military involvement in Africa, its support for subversive groups in Central and South America, and its failure to respect human rights, introduce democracy, and liberalize the economy. Prior to the early 1990s, 80 percent of Cuba's trade was with the Soviet Union and Eastern Europe (the former Council of Mutual Economic Assistance, CMEA).

Since the collapse of the Soviet Bloc, the Cuban government has taken some steps to open its economy to foreign investment, attract more than 1 million tourists a year, and implement modest economic reforms that analysts loosely

aggregate as "dollarization." These changes have entailed certain changes in the Cuban economy, including the introduction of new pay incentive systems, limited self-employment, the opening of free farmers markets, and access to dollars by large numbers of Cubans (roughly estimated at about two-thirds of the population having direct or secondary access). Many experts note the emergence of new cleavages in Cuban society between those who have, and have not, benefited from the reforms and flow of dollars.

These changes did not result in any significant political opening, and what little space for dissident activities that developed was closed with the recent arrest of about 80 human rights activists and independent journalists. Some observers argue that the flow of foreigners and dollars into the country resulting from tourism and US "people-to-people" exchanges brought dissidents needed outside support—contributing to a significant increase in organizing, the founding of independent libraries, and various antigovernment activities—while other analysts argue that the financial benefits of such an opening reaped by the government helped prolong its rule. Citizens' economic relationship with the state was altered by a shift in dependence toward non-state sources of food, other supplies, and services (at a time that subsidized goods in "ration stores" diminished) and to various stores opened by government enterprises selling products for dollars.

The Cuban opening to foreign investment so far has been limited, and its impact apparently has been relatively easy for the government to keep from snowballing into a driver of deeper economic and political change. It is difficult to extrapolate the impact that a much greater set of external influences—stemming from a significant loosening of controls on US trade, investment, tourism and other economic contact—would have. Analysts are divided over the probabilities of the three main scenarios: 1) Some assess that Cuban officials, who have publicly said they are ready to accept the challenge of such an opening, can maintain control in such a scenario and prevent pressures for deep internal change from building rapidly; 2) Some assess that Cuban confidence is exaggerated and a US opening would set the country on a "slippery slope" toward liberalization and profound internal change; and 3) Yet others assess that the impact would be so great that the Cuban government itself would seek a way to keep such a US opening from occurring.

How significant is the espionage threat to the U.S. from Cuba?

The Cuban government maintains an aggressive espionage effort against the United States Government and, in particular, the Cuban-American community. Since 1998, the FBI has arrested and convicted a network of Cuban "illegals" in Miami, who were targeting the US Southern Command and local citizen groups; an employee of the INS who provided classified information to the Cubans; and a

senior intelligence analyst at the Defense Intelligence Agency, who had provided Havana sensitive information for 18 years.

The India-Pakistan Conflict

15. Last year, the Committee was told by the CIA that "[t]he 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." What is your current assessment about the prospects for war between India and Pakistan? What is the likelihood that such a conflict would result in the use of nuclear weapons? What is the likelihood that the two countries will resolve the cross-border terrorism and Kashmir issues within the next several years?

The prospects for India and Pakistan going to war have decreased since the October 2002 demobilization of Indian and Pakistani forces along the international border and Prime Minister Vajpayee's 18 April offer of dialogue to Pakistan. While Indian officials continue to express doubts about Islamabad's willingness to meet New Delhi's demand to end support for the Kashmir militancy, Vajpayee appears committed to beginning a process of dialogue with Pakistan.

If a major terrorist attack occurred in India or Indian Kashmir, Vajpayee probably would reevaluate his peace initiative and consider punitive strikes against militant targets in Pakistani Kashmir. Such an attack most likely would prompt retaliatory action by Pakistan. The tit-for-tat responses run the risk of escalating into a broader war or even a nuclear exchange.

Indian and Pakistani officials recognize that the Kashmir issues will not be resolved quickly and have called for a step-by-step approach to addressing it. New Delhi would prefer an end to cross-border terrorism before starting any substantive talks on Kashmir. Regardless of when such talks occur, New Delhi wants to address outstanding issues on Kashmir with Pakistan in a sequential fashion. Some academics in both countries support converting the Line of Control into the international border as a possible solution.

Pakistan

16. What is your assessment of the stability of Pakistan's government? To what extent are Islamic fundamentalists influencing the government's policies on the War on Terrorism and U.S. relations? How helpful has Pakistan been in the War on Terrorism? What is the status and security of Pakistan's nuclear program? To what extent are you concerned that Islamic fundamentalist elements within Pakistan's government will provide nuclear weapon technology or other assistance to al-Qa'ida or other terrorist groups? What would Pakistan's likely reaction be to another Indian nuclear test? How would a U.S.-led war against Iraq impact the stability of Pakistan's government?

N.B.: There is an additional classified response to this question. Please see the classified addendum.

President Musharraf is managing a number of challenges to Pakistan's stability—including sectarian violence, domestic terrorism, and the ascendancy of Islamic extremism. The most serious challenge to Musharraf comes from the threat of assassination by Islamic extremist groups. Press reporting indicates that domestic extremists conducted several assassination attempts against Musharraf in 2002.

Pakistan's legislative elections on 10 October 2002 restored the National Assembly and provincial assemblies, which Musharraf had dissolved when he came to power in October 1999. The pro-Musharraf Pakistan Muslim League/Qaid-i-Azam (PML/QA) won a plurality of seats and formed the ruling coalition in the National Assembly.

Opinion polls indicate that Musharraf remains popular with the public.

The Muttahida Majlis-e-Amal (MMA), a coalition of six Islamic parties, won 60 of 342 seats in the October elections, exceeding even its own expectations. The MMA is now one of the two main opposition parties in the National Assembly, but it lacks sufficient parliamentary strength to affect major policy changes.

The MMA, together with the other opposition parties, is actively opposing the constitutional amendments Musharraf passed before the elections last year, known collectively as the Legal Framework Order (LFO). The National Assembly has essentially been at a standstill for the last several months over the ongoing LFO dispute.

Since 11 September 2001, Musharraf has risked significant political capital to support US counterterrorism efforts, with cooperation spanning a range of military, law enforcement, intelligence, financial measures, diplomatic, and internal security actions. Pakistani authorities have captured some of the most important al-Qa'ida members netted to date, including Khalid Shaykh Muhammad, Ramzi Bin al-Shibh, and Khallad Ba'Attash.

Pakistani authorities have worked closely with the US to identify and detain extremists and to patrol the border between Pakistan and Afghanistan. Over 500 alleged al-Qa'ida members or supporters have been detained.

Pakistan successfully conducted nuclear tests in 1998, and is assessed to have the capability to deliver nuclear weapons. Pakistan has both aircraft and missiles that can be used for this purpose. The Pakistanis have unsafeguarded facilities at which they produce both highly enriched uranium and weapons-grade plutonium for nuclear weapons.

We assess that Pakistan's nuclear weapons are secure and will remain so as long as the Army remains in control of the weapons. Lt. Gen Kidwai, head of the Strategic Plans Division and a key advisor of Pakistan's National Command Authority, has publicly claimed that Pakistan's warheads are stored separately from their delivery systems and subject to strict procedural security mechanisms.

Pakistan almost certainly would conduct nuclear testing in reaction to an Indian nuclear test.

Stability of the Jordanian Regime

17. The CIA informed the Committee last year that: "...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 U.S. strike on Iraq could produce significant unrest." What threats does King Abdullah currently face from Islamic fundamentalists? What is the likelihood that resurgent Palestinian nationalism--kindled by continuing Israeli-Palestinian violence and/or the U.S. military action against Iraq--will seriously destabilize Jordan?

The answer to this question is classified. Please see the classified addendum.

Security of the Russian Nuclear Stockpile

18. Last year, the CIA informed the Committee that "Russian safeguards for its WMD arsenal are uneven despite some improvements made with U.S. 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." Is this still an accurate description of the security of the Russian nuclear stockpile? Have you received any information in the last year that indicates that terrorists have tried to acquire Russian nuclear material?

N.B.: There is an additional classified response to this question. Please see the classified addendum.

This is still an accurate description of the security of the Russian nuclear stockpile. To secure their weapons, the Russians employ an extensive array of physical, procedural and technical measures. Officials continue to rule out that any Russian nuclear weapons have been lost or stolen. We have no credible evidence that any Russian nuclear warheads are missing or have been acquired by terrorists. Russia's nuclear security system was designed in the Soviet era however, to defend against an external military threat rather than a disaffected insider and we remain concerned about the potential for theft or diversion.

- Russia is continuing to deploy US-provided equipment to enhance physical security at their nuclear weapons storage sites. Over the past year and a half, the Russians have signed site access agreements with US threat reduction officials, a step toward meeting US requirements for the access needed to fund more extensive security upgrades.

- The Russians are at the beginning stages of improving their nuclear security system to meet today's challenge of a knowledgeable insider collaborating with a criminal or terrorist group. The US has provided polygraph and drug- and alcohol-testing equipment and is assisting in the development of a personnel reliability program.

- Military salaries are no longer in arrears and are somewhat higher than in the late 1990s but low pay and housing shortages still plague nuclear warhead handlers, according to press reports.

- Igor Valynkin, chief of Russia's nuclear logistics and security organization, claimed that Chechen terrorists had reconnoitered Russian nuclear weapons storage sites twice in 2001, but said there had been no such incidents in 2002.

We have received no credible information in the last year that terrorists have tried to acquire Russian weapons-usable nuclear material.

- Since 1992 there have been sixteen seizures of weapons-usable material—six in Russia and ten in Europe. None of these seizures have been connected to terrorists and the thefts were opportunistic and smugglers had no pre-arranged buyer. We assess that other undetected smuggling has occurred, although we do not know the extent or magnitude of undetected thefts, and we are concerned about the total amount of material that could have been diverted in the last decade.

- The US has sought to improve Russia's safeguards and security for nuclear material through materials protection, control, and accounting assistance and Moscow has made progress in implementing improvements for Russia's most vulnerable material at civilian sites. Russian reluctance to grant US access to information about materials used in nuclear weapons and access to buildings where these materials are stored has impeded progress at these sites, however.

Economic Espionage Against the U.S.

19. In 1996, the Committee was informed by the CIA that "[w]e see government-orchestrated theft of U.S. corporate S&T [science and technology] data as the type of espionage that poses the greatest threat to U.S. economic competitiveness. We have only identified about a half dozen governments that we believe have extensively engaged in economic espionage as we define it. These governments include France, Israel, China, Russia, Iran, and Cuba." Do these countries still conduct economic espionage against the U.S.? What new trends do you see in the economic espionage threat to the U.S.? What foreign countries are responsible for providing U.S. technology to China and other countries of concern? What does the U.S. government do to alert U.S. industry to these threats?

N.B. There is an additional classified response to this question. Please see the classified addendum.

Do the countries identified by the CIA in 1996 still conduct economic espionage against the United States?

As reported in the "Annual Report to Congress on Economic Collection and Industrial Espionage, 2002," prepared by the National Counterintelligence Executive, some 75 countries—a mix of rich and poor, high- and low-tech, friend and foe—targeted US technologies in 2001, but a few key countries were the major players. The top 10 perpetrators accounted for a combined 60 percent of all suspicious incidents reported to cleared defense contractors.

What new trends do you see in the economic espionage threat to the United States?

The United States was a prime target for foreign economic collection and industrial espionage and for the theft of export-controlled proprietary information in 2001, according to a variety of reporting. The openness of US society and the expanding international use of the Internet left us especially vulnerable. Foreign countries and companies used US technologies to leapfrog scientific hurdles that would otherwise have impeded their military and economic development. Calculating US losses from the technology outflow is difficult. Private estimates put the costs as high as $300 billion per year and rising.

The foreign sponsors of economic and industrial espionage in 2001 came from both the public and private sectors. The collection effort was spread almost evenly among the various actors—foreign government entities, government-affiliated agencies or foreign companies that work solely or predominantly for foreign governments, and commercial businesses. Even where the suspicious

inquiries originated from seemingly private firms, however, it is not possible to rule out some official sponsorship.

A wide range of collection techniques was employed. Simple, straightforward techniques, such as unsolicited requests for information or direct applications to purchase sensitive goods, were generally applied first and most frequently. When these proved ineffective, more sophisticated methods were used, such as offering to sell foreign goods and services, targeting US experts abroad, or tasking foreign visitors to the United States with collection responsibilities. To a lesser extent, foreigners also attempted to exploit their existing relationships with US firms as a means to acquire sensitive equipment or technology and to employ the Internet and international conventions in their efforts.

There is every indication that efforts to acquire US economic and industrial secrets will only intensify and become more sophisticated over the next few years. US research and development programs ensure that state-of-the-art technology will continue to originate here and the openness of US society will make that technology a ready target for foreign countries and companies.

As to the types of militarily critical technologies that will be of interest over the next few years, information systems probably will continue to top the collectors' lists. In addition, aeronautics; guidance, navigation and vehicle control systems; and sensors and lasers are certain to remain hot items. Space systems technologies, which in recent years have accounted for a relatively small share of suspicious incidents, may rate higher priorities in the future, particularly if US efforts to develop a defensive missile system prove successful.

What foreign countries are responsible for providing US technology to China and other countries of concern?

(Most foreign countries proliferating technology to China and other countries of concern to the United States provide their own—vice US—technology for economic gain, or do not have sufficient safeguards to prevent their companies from making illicit sales for proscribed items.

What does the U.S. government do to alert U.S. industry to these threats?

If specific information on ongoing economic espionage is known, the FBI usually approaches the company involved to make them aware of the threat and to gain their cooperation in investigating the culprits.

For general awareness purposes several U.S. Government entities are involved in educating U.S. industry to these threats. The National Counterintelligence Executive leads regional unclassified conferences for corporations on a regular basis and provides information on their public website for companies to find. The

FBI has a similar program it runs to educate U.S. industry to the threat. The CIA will often make U.S. companies it works with aware of economic espionage threats to protect classified work at these companies or as a thank you for other services rendered. CIA has also provided briefings to senior company officials prior to large international events—such as the Paris Air Show—that are notorious venues for economic espionage activity. In addition, other U.S. Government entities contribute such as warnings from Customs and the State Department by posting controlled technology lists banned for export.

The Challenges Facing Post-Saddam Iraq

20. Last year, the CIA told the Committee that: "[t]he 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-lead 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."

With the fall of Saddam's regime, there will be many challenges to making Iraq a democratic, stable and economically viable regime—including creation of an effective transitional security force, developing a comprehensive plan for security, eliminating weapons of mass destruction and establishing an international transitional administration. How long will this process take and how much will it cost? How is the Arab world reacting to an Iraq defeated and occupied by the US and its allies? To what extent is this outcome increasing the likelihood that the US will be targeted by Islamic terrorists such as al-Qa'ida?

Political Framework. The Coalition Provisional Authority (CPA), headed by Ambassadors Bremer and Sawers, currently is discussing with prominent Iraqi leaders the details of Iraq's transitional administration. The CPA envisions the transitional administration as having two main parts: a Political Council (PC) and a Constitutional Convention.

- **The Political Council (PC),** as currently envisioned, will be a 25-30 person executive authority consisting of prominent Iraqi political and social leaders, to be appointed by the CPA in consultation with leading Iraqis and drawn from both the former exile parties and groups and those who remained in the country under Saddam. The CPA is engaged in ongoing consultations with a broad range of Iraqi leaders to determine the precise powers of the PC. The CPA plans to inaugurate the PC by mid-July.

- **The Constitutional Convention,** which the CPA also intends to convene in mid-summer, will be a large—two to three hundred person—assembly of leading jurists and experts that will select a ten to fifteen member constitutional committee to draft a new constitution

for Iraq. If the Iraqi people approve the constitution through a referendum it will become the road map through which Iraq returns, via general elections, to full sovereignty.

The details and timing of this process are flexible and will depend, initially, on the interplay between the CPA and its Iraqi interlocutors, and later on the interaction of all the security, economic and political variables in the complex Iraqi equation. It is possible that the draft constitution could be ready by mid-2004 and that political, economic and security conditions might make a referendum and subsequent elections feasible shortly thereafter. However, difficulties in any or all of these areas could delay this process.

Security Issues. The CPA faces multiple, related challenges in establishing a secure environment in Iraq. Anti-CPA foes—primarily Sunni extremists—are directly attacking Coalition forces in Iraq to undermine our security and reconstruction activities. While inter-communal strife between Iraqis has been thus far limited in scale, the prospect remains that economic, political, or religious rivalries could trigger local violence between rival Iraqi factions. And although CPA efforts are helping to reduce lawlessness in Baghdad and elsewhere, organized crime could become a more subtle, but nonetheless real, threat to CPA stabilization efforts.

How long it will take to overcome these security-related challenges will depend on several variables, and progress in some areas may well advance more quickly than parallel efforts in other areas. The size and effectiveness of the CPA military presence--not only the US component, but also the scale of contributions by other nations--will be a major factor influencing stability in Iraq. However, the rapidity and success of the CPA's efforts to establish a workable transitional administration, restart the economy, provide employment, and begin reconstruction will be at least as important for our long-term goal of creating a stable post-conflict Iraq.

Economy. Many technical consultants, multilateral organizations, and NGOs currently are assessing the costs of rebuilding Iraq's economy, but lingering political and economic uncertainties greatly complicate these estimates. Moreover, any aggregation of the assessments probably will require many more months. In mid-April—before the war had ended—one international forecasting group calculated a broad cost range of $7-28 billion for repairing war damage in Iraq, based on examples from other international conflict areas and several scenarios involving different dollar-dinar exchange rates. The group assumed that combat-related damage to Iraqi oil facilities was minimal, which has been the case.

- Postwar cost estimates will need to cover not only longer-range reconstruction costs that include war damage but also infrastructure

upgrades to accommodate current technology, an expanding population, and critically needed economic growth.

- Such estimates will depend heavily on the policy decisions taken by the CPA and the PC in Iraq and any subsequent elected government.

Terrorism. Al-Qa'ida has sought to exploit resentment in the Arab and Muslim world over the perceived humiliation of the Iraqi people in the wake of the rapid US defeat of Saddam's regime.

- In his statements of 11 and 12 February, Bin Ladin urged that it was incumbent upon all Muslims to prevent the occupation of this historically Islamic land by infidel outsiders.

- With the announcement of the US intention to withdraw military forces from Saudi Arabia, al-Qa'ida propagandists have suggested that Washington is merely "redeploying its forces" without reducing its alleged overall control of the region, and that occupied Iraq will now take the place of Saudi Arabia as the chief locus of American oil wealth and military might in the region.

However, the recent setbacks suffered by al-Qa'ida probably will limit the group's ability to channel this anger into successful attacks against US targets in the short run.

Regional Reaction. Arab press and publics generally welcomed Saddam's downfall, but remain suspicious of US intentions toward both Iraq and the rest of the Middle East. Press commentary indicates that many elites in the Arab world believe that the US aim was to secure Iraqi oil and that US efforts to foster democracy in Iraq are little more than a cover. At the same time, a large volume of Arab press commentary has focused on the serious shortcomings in the Arab world that many believe lay behind Iraq's sudden downfall and the Arab world's inability to stop the conflict. Respected press commentators have focused on deficiencies in Arab educational systems, lack of any popular input into decision-making, and rigid controls on the media as symptoms of an illness, which, unless cured, may render the rest of the Arab world as weak as Iraq.

Islamic Extremist Activity in Thailand

21. What is the current extent of Islamic extremist activity in Thailand? Is there any evidence that al-Qa'ida fighters fled from Afghanistan to Thailand? If so, is the Thai government taking adequate steps to deal with the problem?

What is the current extent of Islamic extremist activity in Thailand?

International terrorists use Thailand—especially Bangkok—as a transit hub and location for operational planning, weapons smuggling, and money laundering, as well as a source for counterfeit documents. In addition to Bangkok, southern Thailand's porous border with Malaysia and large Muslim population make it an attractive environment for terrorist groups to transit and operate.

- Al Qa'ida operational leader Khalid Shaykh Muhammad first traveled to Bangkok in the early 1990s for unspecified activities, according to press.

- Press accounts of al-Qa'ida detainee confessions indicate Jamaah Islamiya (JI) operational leader Hambali conducted terrorist planning meetings in Bangkok in 2002. JI detainees say a southern Thai network linked to the JI has cooperated regionally with Islamic militant and terrorist groups.

Violence in southern Thailand over the past three decades has been aimed at local police officials and offices, other government offices, religious sites, schools, and arms depots. Since last year, attacks in the south included assassinations, bombings, and weapons theft, which has resulted in Thai police, military, and civilian casualties. We are uncertain whether Muslim separatist groups—possibly with ties to international terrorists—or local criminal networks have been responsible for the violence.

Is there any evidence that al-Qa'ida fighters fled from Afghanistan to Thailand?

We have no indications of that.

Is the Thai government taking adequate steps to deal with the problem?

Although Thai officials have privately given strong support for US counterterrorist efforts, Thailand's efforts are limited by legal limitations on tackling terrorist-related offenses, resource shortfalls, and a porous border with Malaysia. Cultural barriers also pose a problem; the vast majority of Thai security personnel are Buddhist, do not speak the local Malay dialect used by southern Muslims, and are mistrusted by the Muslim population. The Thai Government also is

concerned about sparking unrest and dissatisfaction among Muslims in the south, with whom they have made efforts over the past decade to integrate into the national polity.

United States Department of State

Washington, D.C. 20520

SSCI# 2003 - 2134

April 30, 2003

Dear Mr. Chairman:

Following the February 11, 2003 hearing at which Assistant Secretary Carl Ford testified, additional questions were submitted for the record. Please find enclosed the responses to those questions.

If we can be of further assistance to you, please do not hesitate to contact us.

Sincerely,

Paul V. Kelly

Paul V. Kelly
Assistant Secretary
Legislative Affairs

Enclosure:
As stated.

The Honorable
Pat Roberts, Chairman,
Select Committee on Intelligence,
United States Senate.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Intelligence Community Information Sharing

Question:

1. As this Committee learned through our Joint Inquiry, terrorist attacks, information sharing to enhance operations among intelligence agencies was inadequate. Please describe the progress made, and the problems that still exist, in sharing information between the various intelligence agencies.

Answer:

INR's TIPOFF program has improved intelligence sharing within the Intelligence and law enforcement communities by working to share the unclassified portion of the TIPOFF database with law enforcement community users. We are finalizing coordination on a memorandum of understanding with the Federal Bureau of Investigation (FBI) and our Intelligence Community providers to down load the names of known or suspected foreign terrorists to the Violent Gang and Terrorist Organizations File (VGTOF) - a subset of the National Crime Information Center (NCIC). This will enable federal, state, and local law enforcement officers to access the names of known or suspected foreign terrorists from TIPOFF during traffic stops or when conducting criminal investigations. We have encountered some difficulty in this endeavor due to incompatible record management systems. For example, software development was

needed to enable TIPOFF to electronically share information with NCIC. The Intelligence Community assisted in this effort by funding the contract for the software changes.

TIPOFF has also made its entire classified database available on Intelink to certified users in the CIA, FBI, NSA, DIA and DOS (the Warning 5). The purpose is not only to share our biographic profiles of known or suspected foreign terrorists with other users, but to receive input from those agencies on additional intelligence available to improve existing TIPOFF records. We are also working on a draft request to the intelligence community requesting DHS have this Warning-5 level.

Currently, the only DHS entities that TIPOFF has a data sharing agreement with are the successor agencies of INS and Customs. Unclassified bio elements have been shared with these agencies for watch listing purposes since 1991. We are currently circulating a draft MOU to include other DHS entities, such as the Transportation Safety Administration and Coast Guard, in receiving the same information shared with immigration and customs officials.

Questions for the Record Submitted to INR A/S Carl Ford
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TIPOFF was recently awarded funding from the Intelligence Community System for Information Sharing (ICSIS) program to upgrade a redacted version of TIPOFF (TIPOFF Lite) on Intelink. TIPOFF Lite is available to those in the Intelligence/law enforcement communities outside the Warning 5. These funds will improve the current capability of TIPOFF Lite, notably the name finding function, and will give users access to the source documents used to create the records. The funding will also allow TIPOFF to develop the framework to metadata data fields to allow TIPOFF to be used on various databases within Intelink that range in classification from SBU to Top Secret.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Question:

2. To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security? How many employees have you committed, or anticipate committing, to the new Department? Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they? How will your commitment to the Department of Homeland Security diminish you ability to focus on other Intelligence Community priorities?

Answer:

The TIPOFF program is an entity of Bureau of Intelligence and Research at the Department of State. It has a small staff and is working at full capacity to keep up with the current workload. As a result, TIPOFF has not been asked to provide analysts to DHS.

Following 9/11, the TIPOFF developed a Concept of Operations to establish a National TIPOFF Lookout Center. This center would operate 24/7 and work collaboratively with the FBI's Terrorist Watch Center, The Terrorism Threat Intelligence Center (TTIC), the Foreign Terrorist Tracking Task Force (FTTTF) and other intelligence and law enforcement components. The draft of this plan expands the current staff from 14 to a staff of 80 plus. We have included in the staffing plan detailees from other government agencies, including DHS entities. Further action

towards implementing this concept requires several policy and budget decisions.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

North Korea's Nuclear Weapons Program

Question:

3. North Korea has recently withdrawn from the Nuclear Non-Proliferation Treaty, reopened nuclear installations shut down under the 1994 US-North Korean Agreed Framework, expelled monitors from the International Atomic Energy Agency (IAEA) and demanded new negotiations with the U.S. What policy objectives is North Korea trying to attain through these actions? Under what circumstances is North Korea likely to use a nuclear weapon? What is the likelihood that North Korea will export fissile material, nuclear weapons technology, or a complete nuclear weapon? To what extent are China, Japan, and South Korea helping to resolve this issue?

Answer:

Assessing North Korea's motives is never easy, and thoughtful analysts sometimes arrive at different conclusions. In our view, the DPRK move to restart the Yongbyon facilities and its attempted withdrawal from the NPT were, in the first instance, a response to mid-November decision by the Korean Peninsula Energy Development Organization (KEDO) to suspend Agreed Framework heavy fuel oil shipments. For the North, this was the best way to raise the stakes and put pressure on the United States, which the DPRK blamed for the KEDO fuel cut-off. We believe, on a deeper level, the North saw the move as improving its security: restarting Yongbyon, and successfully developing a uranium enrichment capability, would put the DPRK several steps closer to acquiring a

credible nuclear deterrent, which the DPRK would have seen - and still sees - as a way to guarantee its survival. On the question of nuclear doctrine or use, we believe the North is likely to employ nuclear weapons only as a last resort - if it believes the regime itself is threatened. However, we believe the DPRK will continue to invoke its nuclear capabilities as part of its "brinksmanship" negotiating style to pressure the US and the international community.

Given the North's desperate economic situation and its history of exporting military equipment, including short and medium-range missiles, we take very seriously the concern that the North might export nuclear material or technology. The North is most likely to export nuclear material if it has more fissile material that it believes it needs for deterrent purposes and if it perceives little risk of detection in selling "surplus" material to foreign buyers. However, we do not know what number of nuclear weapons the DPRK would consider adequate for deterrence.

The US government coordinates North Korea policy very closely with our South Korean and Japanese allies, both of whom strongly support the Beijing talks that began on April

Questions for the Record Submitted to INR A/S Carl Ford
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23. Seoul and Tokyo have spoken out loudly and consistently in support of a nuclear-weapons free Korean peninsula. These governments understand quite clearly the serious implications for their own national security if North Korea moves toward serial production of nuclear weapons. Both have made the nuclear issue a top priority in their bilateral diplomacy with the DPRK, and both have indicated a strong desire to participate fully in efforts to find a multilateral diplomatic solution to this problem.

It is apparent that China laid the groundwork for the initial US-DPRK-PRC talks on North Korea's nuclear arms program. The confidential minutes of PRC-DPRK high-level consultations, coupled with Pyongyang's continued, belligerent anti-US rhetoric, prompted some to speculate earlier that China was not doing as much as it could to press North Korea to reverse course. Beijing responded to such criticism by indicating that its influence was limited, according to press reports. The prospect of DPRK miscalculations in reaction to the US push into Iraq nonetheless imparted greater urgency to Beijing's deliberations. The temporary oil supply cutoff earlier this year and the more recent PRC move to block a UN motion condemning the DPRK withdrawal from the NPT probably were

among the "enticements," according to media reports, that Beijing employed to modify Pyongyang's behavior. China is hopeful that the upcoming talks will return the Korean peninsula to the non-nuclear status quo ante. However, Beijing does not rule out the possibility of additional DPRK mischief or escalatory steps should talks falter.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Prospects for Instability in North Korea

Question:

4.(A) What are the prospects for a coup or revolution in North Korea? What are the risks of such an event spilling over into a regional conflict as the competing interests of the U.S., South Korea and China come into conflict? How strong is Kim Jong Il's hold on power?

Answer:

We believe Kim Jong Il is firmly in control and see no signs of revolt brewing beneath the surface. Although coup attempts in totalitarian regimes can never be ruled out, we are unaware of any opposition or plotting to overturn the current leadership. Should there be an unexpected regime change, neighbors would likely be quick to offer support to shore up the new government and avoid disorder and uncertainty from spreading. Both China and South Korea will be keen to help avert large-scale migration of North Koreans across shared borders and prevent the North's WMD from falling into the wrong hands. They would support expanded relief operations within the North.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Question:

4.(B) Who will likely succeed Kim Jong Il?

Answer:

Recent speculation focuses on two of Kim's sons--Jong Nam (32) and Jong Chol (22)-- as contenders for replacing him as top leader of the regime. Because the two have different mothers, there are tensions between their families. To our knowledge, neither has moved through the grooming process far enough to dominate the other. We are unaware of any possible successor who is not a blood relative.

Questions for the Record Submitted to INR A/S Carl Ford
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Question:

4.(C) 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 war be likely?

Answer:

Seoul remains anxious about assuming the immense economic and social burdens of reunification in the near-term. It ideally prefers a gradual and peaceful process that seeks to foster North Korean economic development and social transformation in order to create pressure for a less authoritarian government. Under this scenario, closing the gap between the North and South will require at least a generation or two. However, there is always the prospect of sudden reunification as a result of military conflict or the North's collapse. Tensions on the Peninsula remain high; the possibility of a sequence of events -- calculated or accidental -- triggering war is worrisome.

Questions for the Record Submitted to INR A/S Carl Ford
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Question:

4.(D) How confident are you of your assessments considering the closed nature of North Korea?

Answer:

The DPRK remains a difficult regime to "read." We have a fairly good understanding of its economic and military problems and capabilities. We are less informed about the calculus and timing of Kim Jong Il's decisions.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Prospects for War between China and Taiwan

Question:

5.(A) What is the likelihood that China will attempt an invasion of Taiwan in the next five years?

Answer:

China is unlikely to attempt an invasion of Taiwan in the next five years. Beijing clearly prefers peaceful reunification and seems content to let economic integration increase its leverage over Taiwan, while reserving the right to use force. Taipei, for its part, is likely to continue to encourage a separate Taiwan identity while avoiding provoking Beijing to open threats of force.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Question:

5.(B) What factors would lead Beijing to consider a military versus a peaceful resolution of cross-Strait issues?

Answer:

The PRC consistently declines to renounce the use of force. It is likely that an outright declaration of independence by Taiwan would trigger the use of force, but other assertive acts by Taiwan, e.g., amending the constitution to eliminate reference to "The Republic of China," could also cause the PRC to resort to force. Beijing would weigh many factors in making the decision.

In February 2000 the PRC State Council issued a White paper on Taiwan that spelled out three conditions for the use of force against Taiwan. It states that "...if a grave turn of events occurs leading to the separation of Taiwan from China in any name, or if Taiwan is invaded and occupied by foreign countries, or if the Taiwan authorities refuse, indefinitely, the peaceful settlement of cross-Strait reunification through negotiations, then the Chinese government will only be forced to adopt all drastic measures possible, including the use of force, to safeguard China's sovereignty and territorial integrity and fulfill

the great cause of reunification." However, The White Paper did not stipulate a timetable for reunification.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Question:

5.(C) What is your current assessment of China's amphibious program and future invasion capabilities?

Answer:

The Chinese military is making gradual strides toward a limited amphibious capability, but it would be some time before it would have the ability to mount a full-scale assault on Taiwan from the sea. **(See classified annex.)**

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Question:

5.(D) How many missiles does China possess that could strike Taiwan, what is the destructive capability of this missile force, and what is Taiwan's retaliatory missile capability?

Answer:

(See classified annex.)

Questions for the Record Submitted to INR A/S Carl Ford
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Question:

5.(E) To what extent has close US-Taiwan relations been an obstacle to closer US-China ties?

Answer:

US support for Taiwan is the most problematic issue for the PRC in its relations with the US. However, stable relations with the US are key for the PRC to achieve its 20-year development goal. The Taiwan issue has not, so far, deterred Beijing from cooperating with the US in areas such as counter-terrorism, non-proliferation, and efforts to prevent nuclear proliferation in North Korea.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Sino Japanese Relations

Question:

6.(A) What is the likelihood that there will be an increase in tensions between Japan and China in the next five years? What are the main factors that influence this bilateral relationship?

Answer:

Over the next five years, we foresee neither a steep downward decline in bilateral ties nor a rapid or sustained warming trend. Instead, Beijing and Tokyo are likely to experience occasional periods of heightened tension over a range of security, economic and political issues. Those periods will be followed by intensive efforts by officials on both sides to ensure a stable relationship. The fate of Taiwan is the main issue that could strain the Sino-Japanese relationship to the breaking point.

Beijing and Tokyo are developing increasingly complex economic, diplomatic and security relations and each arena holds out the possibility for exacerbating tensions for brief periods. However, as suggested above, none of these factors is likely to lead to irreconcilable differences in the next five years.

Questions for the Record Submitted to INR A/S Carl Ford
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With respect to economic ties, Japanese leaders recognize a mix of costs and benefits to China's increasing economic presence. Among Tokyo's concerns are companies relocating to China (the so-called "hollowing-out" effect), the growing Chinese economic presence in Southeast Asia, and competition with Beijing over energy sources. With export markets in the US and Europe slowing, Japanese officials and business leaders are increasingly recognizing the benefits of an expanding Chinese market. Chinese counterparts, who see economic growth as essential to prop up domestic stability, look to Japan as both a lucrative export market and a source of investment and expertise. Although growing interdependence makes increased friction inevitable, the overall importance of economic ties to both countries acts as ballast that helps to keep the bilateral relationship on an even keel.

Chinese and Japanese efforts to strengthen their respective armed forces are likely to create mutual suspicions. As a nation that relies on sea-borne trade, Tokyo is especially worried about Chinese efforts to expand its control over the East and South China Seas. It is also looking for ways to cope with Beijing's nuclear and conventional missiles. Fired by memories of Japanese

aggression and recognizing the country's technical prowess, Beijing is critical of any move by Tokyo to weaken its self-imposed constraints on using military force abroad, boost its military capabilities or strengthen its alliance with the United States. Wariness of each other's armed forces and a general interest in protecting the regional status quo makes it likely that any bilateral military issue will be resolved quickly.

- The two sides have engaged in periodic, thus far low-key, exchanges over the Senkaku Islands, over which they (along with Taiwan) claim sovereignty. The Senkakus are not likely to take on a high-level profile but they nonetheless remain an irritant to relations, with the potential to catalyze confrontation should either side choose to use the islands to assert sovereignty.

The diplomatic dimension is problematic. For most of the past four decades, Tokyo has seen itself as the predominant voice of East Asia in international organizations and a bridge to the United States and advanced industrial economies. A decade of economic stagnation coupled with China's rapid emergence in global

affairs have led many Japanese to believe that their country is in serious jeopardy of losing out to Beijing. The Chinese, conversely, are cautiously optimistic that their nation has the opportunity to take its place among the great powers, perhaps at Tokyo's expense. However, the overall desire in both countries to avoid major bilateral complications is likely to keep this competition in check.

Differing views on historical issues can also heighten tensions. The Chinese public and leadership remain sensitive to Japanese words or actions that appear to glorify past Japanese aggression against China. Beijing's irritation with Japanese Prime Minister Koizumi's visits to the Yasukuni War Memorial to pray for the souls of dead soldiers- including those convicted of war crimes and those who may have carried out such atrocities as the Nanjing massacre - has stymied Japanese efforts to hold summits over the past two years. Occasional spats will probably occur over the history issue, but are unlikely to lead to serious tension in the relationship.

Questions for the Record Submitted to INR A/S Carl Ford
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Question:

6.(B) What factors could most exacerbate tensions in this relationship?

Answer:

Imminent conflict between Beijing and Washington over Taiwan would most exacerbate Sino-Japanese tensions. Taiwan is the single issue in which Beijing has threatened to overturn by force the regional status quo. In addition to the overriding importance it attaches to the US-Japan alliance, Tokyo also views Taiwan as a national security issue. The Japanese probably prefer an independent Taiwan to prevent Chinese encroachment on vital Japanese sea-lanes. Moreover, a successful Chinese military takeover of Taiwan would significantly erode Japanese confidence in the US security guarantee. Beijing would almost certainly view Tokyo - home to key US bases that would be instrumental in US military actions -- as Washington's accomplice in an effort to interfere in what it considers to be a Chinese internal issue. In such circumstances, both Tokyo and Beijing would have little choice but to put aside the economic and political benefits of stable bilateral relations.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

The Situation in Iran

Question:

7.(A) Last year, State/INR informed the Committee that "Iran, despite the setbacks of the last couple of years, stands among the most democratic governments of the Islamic world." Is President Khatami still considered a champion of reform among the general public? How strong is his hold on power?

Answer:

President Khatami continues to champion reform in Iran, but is under significant ongoing countervailing pressure, including conservative victories conservative victories in local elections in February. The reform movement has lost much of its earlier steam: reform proponents are disappointed with Khatami's performance and average Iranians, especially young adults, are disenchanted with the lack of progress.

President Khatami appears to have placed his last hopes in two pieces of legislation, one designed to strengthen the Presidency against such hardline clerical controlled institutions as the judiciary, and the other designed to reduce the power of the non-elected Council of Guardians (GC) over the vetting of candidates in elections. The first draft law passed the Majlis (parliament), was rejected by the Council of Guardians, and is now back in

the Majles; the second draft passed the Majles and is under GC review. There has been much speculation in Iran that President Khatami will resign if either bill is rejected or will submit them to public referendum. Either way, there is little chance the bills will pass the review process unscathed, so a major confrontation within the government seems inevitable unless Khatami backs down. As with past controversies, however, the regime likely will muddle through and reach some compromise that allows Khatami to finish out his remaining two years in office.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Question:

7.(B) How has the War on Terrorism in Afghanistan and elsewhere, and the potential for war in Iraq, affected the reform movement in Iran?

Answer:

The War on Terrorism and the invasion of Iraq have had no direct impact on the reform movement, though the two together have given many Iranians the impression that the US intends to surround Iran. That may lead to a rally-'round-the-flag sort of nationalism which would strengthen the conservatives. The international perception of a maverick US going against world opinion to attack Iraq may have hurt support among Iranian leaders for improved relations with the US, but Iranian relief at Saddam Hussein's removal has tempered anti-American sentiments, though suspicions remain strong about US intentions toward Iran now that Saddam's regime is overthrown. Iranian attitudes toward the US role in Iraq will depend on the outcome of Iraqi reconstruction: if we succeed in creating an Iraqi democracy -- in which the Shia majority would inevitably have greater power and influence -- Iran may end up closer to the US, with its reform movement strengthened.

Questions for the Record Submitted to INR A/S Carl Ford
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Question:

7.(C) Have you seen any reduction in Iran's support for international terrorism in the last year? Do you have any information that the government of Iran and al-Qa'ida are working together to conduct terrorist operations? Under what circumstances would Iran be likely to end its support for terrorism?

Answer:

We have seen no reduction in Iran's support for terrorism, mainly directed against Israel. We know of no occasion when the government of Iran and al-Qa'ida worked together to conduct terrorist operations. In recent years, Iran's support for terrorism has focused less on exporting the Islamic Revolution and more on supporting anti-Israel groups, especially Hizballah. Although Iran has strongly stated its opposition to the existence of Israel and to any peace agreement with it, any peace agreement accepted by most Palestinians, Lebanese, and Syrians would make it far harder for Iran to continue to support anti-Israel terrorists, and might lead it to abandon the policy entirely.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Question:

7.(D) What is the status of Iran's WMD efforts and how do they compare to Iraq?

Answer:

Chemical Warfare (CW) Program - Despite being a party to the Chemical Weapons Convention (CWC), Iran has an offensive chemical warfare (CW) program. In the past, Iran has manufactured and stockpiled blister, blood, and choking chemical agents, and weaponized some of these agents into artillery shells, mortars, rockets, and aerial bombs. It also is believed to be conducting research on nerve agents. Iran has continued its efforts to seek production technology, expertise and precursor chemicals from entities in Russia and China that could be used to create a more advanced and self-sufficient CW infrastructure. Iran acknowledged the existence of a past CW program for the first time in May 1998, which it claimed it had developed as a deterrent against Iraq's use of CW during the Iran-Iraq war. However, Iran has yet to acknowledge its own use of chemical weapons during that war.

Biological Warfare (BW) Program - Iran's BW program began during the Iran-Iraq War. Iran is believed to be pursuing offensive BW capabilities and probably has

capabilities to produce small quantities of BW agents, but has a limited ability to weaponize them. Iran has ratified the Biological Weapons Convention. Iran has a growing biotechnology industry, significant pharmaceutical experience and the overall infrastructure to support its BW program. Tehran has expanded its efforts to seek considerable dual-use biotechnical materials and expertise from entities in Russia and elsewhere. Outside assistance is important for Iran, and also difficult to prevent because of the dual-use nature of the materials and equipment being sought and the many legitimate end users for these items.

Iran-Iraq Comparison - Iraq's CBW programs, as assessed prior to Operation Iraqi Freedom, were more advanced than Iran's CBW programs, particularly in regard to production capability and weaponization of CBW agents.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Question:

7.(E) How is Iran likely to react -- militarily and otherwise - to a U.S. led invasion of Iraq?

Answer:

Iran maintained a posture of careful military neutrality during the invasion of Iraq. Tehran has historical religious ties to the Shia population in southern and central Iraq, and has provided support to Kurdish groups, principally the PUK. Therefore, Iran undoubtedly will exploit those relationships to influence the formation of a new Iraqi government that takes those groups' interests into account and represents much less of a strategic threat to Iran in the future.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

The Challenges Facing Post-Saddam Iraq

Question:

8.(A) Last year, the CIA told the Committee that: ''[t]he 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."

With the fall of Saddam's regime, there will be many challenges to making Iraq a democratic, stable and economically viable regime -- including creation of an effective transitional security force, developing a comprehensive plan for security, eliminating weapons of mass destruction, and establishing an international transitional administration. How long will this process take and how much will it cost? How is the Arab world reacting to an Iraq defeated and occupied by the U. S. and its allies?

Answer:

Arab reaction to coalition military operations in Iraq and the subsequent occupation has been somewhat less significant than expected by some observers. Clearly, there is considerable popular opposition throughout the Arab world. But with the termination of major military operations, the rapid collapse of Saddam's regime, and the joy with which so many Iraqis greeted its fall,

demonstrations and other public expressions of opposition on the part of the "Arab street" have fallen off substantially. Many Arabs remain concerned over the potential length and nature of the coalition presence in Iraq, but many also now recognize that Saddam Hussein's military strength and prowess were vastly exaggerated and that his crimes against the Iraqi people were considerable.

Question:

8.(B) To what extent is this outcome increasing the likelihood that the U.S. will be targeted by Islamic terrorism such as al-Qa'ida?

Answer:

Widespread fears that terrorist groups, including some presumably inspired by Iraqi government entities, would take advantage of the US invasion to strike American targets have thus far proven baseless. The increased number of US forces in the region certainly provides more targets for al-Qa'ida and other anti-US terrorist organizations. Many Arabs regard the invasion as unjustified, taken in service of Israeli interests, and a Christian crusade aimed at Arabs and Muslims. Additionally, the rapid collapse of Saddam's regime could feed Arab frustration over their seeming helplessness in the face of U.S. military might.

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Those beliefs will likely lead to an increase in volunteers for jihad organizations, including perhaps al-Qa'ida. Quick progress toward a Palestinian settlement that includes clear and effective US pressure on the Israelis over settlements and visible progress toward establishing democracy and humanitarian relief in Iraq may defuse that problem. But absent miraculous progress in both areas, we should expect continued and increasing Arab-Muslim animosity for the US, with attendant increased threat levels, for the foreseeable future.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

The Future of North Korea

Question:

9. In 1996, DIA informed the Committee that "[t]he likelihood that North Korea will continue to exist in its current state 15 years from now is low to moderate. Unless solutions to the North's economic problems are found, the regime will not be able to survive. It will have to adapt, slide into irrelevance, or collapse/implode. This has led many analysts to believe a process of political self-destruction has begun with potential for system collapse within 3 years." While the North Korean regime obviously did not collapse within three years of that statement, what do you think of the long-term viability of the North Korean regime? What do you believe is the likeliest scenario for the regime's demise – adaptation, sliding into irrelevance, or collapse/implode?

Answer:

We do not believe that North Korea's system, as currently constituted, can persist. But we do not perceive collapse as imminent. The regime has honed its skill at coping with serious economic difficulties. Throughout the 1990s, many speculated that the North would fail to survive the demise of European communism, the death of Kim Il Sung, or the social dislocation stemming from the collapse of its economy and a famine that claimed more than a million lives. Kim, however, has shown that he is enough of a pragmatist to be able to muddle through these challenges. In particular, he reached out to the international community for aid and probably realized that the North

could benefit by taking advantage of neighbors' fears of its instability.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

The Impact of U.S. Military Withdrawal From South Korea

Question:

10. How serious is anti-American sentiment in South Korea? If the U.S. were to withdraw its military forces from South Korea, what would be the impact on the region and North Korea-South Korea relations?

Answer:

Anti-American sentiment reached a fever-pitch late last year during the presidential election due to the impact of a tragic accident that claimed the lives of two South Korean schoolgirls, long-standing perceptions that our alliance relationship is unequal, as well as generational change in the South. President Roh has taken steps to defuse anti-American sentiment. He has voiced strong support for the U.S. military presence on the Peninsula and visited USFK headquarters to visibly demonstrate his support. A majority of Koreans support and are grateful to the U.S., and as one of our most important allies in Asia, the U.S. is committed to further strengthening and deepening the alliance. An untimely U.S. troop withdrawal would probably create deep anxiety about a power vacuum in Northeast Asia. The impact of such a move on inter-Korean relations would depend on how the current nuclear standoff is resolved.

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Possible Iraq-Libya WMD Cooperation

Question

11. What information do we have regarding cooperation between Iraq and Libya with regard to Weapons of Mass Destruction? Please elaborate.

Answer:

There are some known cases of Iraqi scientists with WMD-related expertise who have resided for a period of time in Libya. We have not been able to confirm whether they have actually performed any WMD work in that country, on behalf of the Libyan and/or Iraqi regimes.

In addition, we have serious concerns regarding reports over the years of WMD cooperation between the two countries. As yet, however, we have not been able to confirm any of these reports.

We do not have information as to whether Libyan WMD personnel have traveled to or worked in Iraq.

(See classified annex)

Questions for the Record Submitted to INR A/S Carl Ford
Senate Select Committee on Intelligence February 11, 2003

Saudi Arabia

Question:

12. The Sunday, February 9, 2003 edition of The New York Times reported that "Saudi Arabia's leaders have made far-reaching decisions to prepare for an era of military disengagement from the United States, to enact what Saudi officials call the first significant democratic reforms at home, and to reign in the conservative clergy that has shared power in the kingdom." The article also stated that Crown Prince Abdullah will ask President Bush to withdraw all American armed forces from Saudi Arabia as soon as the campaign to disarm Iraq has concluded. What is your assessment of the likelihood that Saudi Arabia will seek to alter its military relationship with the U. S. and institute democratic reforms? Please characterize the nature and extent of Saudi cooperation with U.S. intelligence and law enforcement on counterterrorism in general and the investigation into the September 11 attacks in particular.

Answer:

We are unaware of any linkages between the issues of democratic reform and the stationing of U.S. military personnel in the kingdom.

We are aware of various articles in the Saudi press expressing a desire to have U.S. troops supporting Operation Southern Watch depart once regime change in Iraq was effected. We have seen no official indication from the SAG that they are contemplating a shift in the strategic U.S.-Saudi military relationship that has benefited us both for over 50 years, which has been marked by close

cooperation and consultation with both the political and military leadership.

Crown Prince Abdallah's reform efforts have not been constrained by or delayed pending resolution of these military issues. Abdallah's "Arab charter" issued earlier this year was a remarkably frank look at the many human resource issues and socio-economic obstacles affecting development in the Arab world. Abdallah has made efforts to address the issues continuously since taking over day-to-day rule in the kingdom in 1995, and has not linked these efforts to military issues.

Regarding counter-terrorism, Saudi Arabia has demonstrated a strong commitment to combat terrorism and terrorist financing, as well as a new willingness to be more proactive. Earlier this month, we laid the groundwork for a joint working group with Saudi Arabia to bring senior USG and SAG officials together on all aspects of counter-terrorism.

DEFENSE INTELLIGENCE AGENCY

WASHINGTON, D.C. 20340-

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Honorable Pat Roberts
Chairman, Select Committee
on Intelligence
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I again thank you and the other members of the Senate Select Committee on Intelligence for allowing me the opportunity to appear before your committee and address the many challenges to our national security. Defense intelligence is committed to supporting our military forces and national leaders as they face those challenges. I also extend my appreciation for the opportunity to highlight the contributions of the men and women working defense intelligence, who every day demonstrate their dedication to our mission.

I am forwarding the attached in response to your 10 April letter, forwarding questions for the record from my 11 February testimony before the Committee. We have provided unclassified responses whenever possible; however, there are issues that we cannot address properly in an unclassified response. I am forwarding responses to those questions under separate cover.

Please do not hesitate to contact Mr. Sal Ferro, DIA Office of Congressional Affairs at 703-697-5101, should you have any questions regarding this correspondence.

Sincerely,

L. E. Jacoby
Vice Admiral, U.S. Navy
Director

1 enclosure a/s

cc:
Honorable John D. Rockefeller IV

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: The New Terrorist Threat Integration Center (TTIC)

QUESTION 1: In his recent State of the Union speech, President Bush announced that he has instructed the Director of Central Intelligence, the Director of the FBI, working with the Attorney General, and the Secretaries of Homeland Security and Defense to develop a Terrorist Threat Integration Center (TTIC). This new center will merge and analyze terrorist-related information collected domestically and abroad in order to form the most comprehensive possible threat picture. Please elaborate on how this new Center will function.

a) How will it be managed, and what, if any, limitations will be put on the intelligence to be shared?

b) When do you anticipate that this Center will be fully operational as envisioned?

c) What additional resources will be needed to fund the FBI's contribution to this Center?

d) Is there also a plan to move the Counterterrorism Division of the FBI and the DCI's Counterterrorism Center (CTC) into one building?

e) To what extent were you consulted about the formation of this Center prior to the President's State of the Union speech?

ANSWER A-D: Recommend these questions be referred to the Director of Central Intelligence.

ANSWER E: I was not consulted as this was a cabinet level discussion.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: Intelligence Community Information Sharing

QUESTION 2: As this committee learned through our Joint Inquiry, terrorist attacks, information sharing to enhance operations among intelligence agencies was inadequate. Please describe the progress made, and the problems that still exist, in sharing information between the various intelligence agencies.

ANSWER: Over the past 18 months, we have made significant progress in improving the sharing of intelligence across the key agencies of the Intelligence Community.

DIA's Joint Intelligence Task Force Combating Terrorism (JITF-CT) has benefited greatly from the National Security Agency's (NSA) provision of previously limited dissemination intelligence and development of new capabilities to collect and report on important terrorist targets. The derived information has been appropriately shared. To achieve desired transparency in sensitive areas governed by provisions of USSID 18, JITF-CT has bridged the USSID 18 policy and governance seam by integrating analysts at NSA headquarters where they enjoy broader access to data and techniques not available at JITF-CT proper. NSA has reciprocated by integrating two senior representatives and an analyst with JITF-CT who is capable of directly accessing NSA data repositories and systems. This has measurably added to JITF-CT's threat assessment, warning and counterterrorism targeting capabilities. The latter capability has produced a series of JITF-CT supported special operations forces successes in the war against terrorism.

The Federal Bureau of Investigation (FBI) now shares with JITF-CT sensitive sections of the FBI Director's Daily Briefing Book on a daily basis and is increasingly responsive to JITF-CT's specific requirements for insight to the foreign terrorist threat in the United States. This insight to FBI investigative efforts on international and domestic terrorism cases is critically important to JITF-CT's effectively supporting USNORTHCOM and the Defense Department's Homeland Defense and force protection mission. JITF-CT has two liaison officers with FBI headquarters where they enjoy an increasingly collaborative and productive working relationship, including insight into FBI intelligence and information. Meaningful progress is being made toward achieving a seamless intelligence effort and shared perspectives on the totality of the terrorism threat abroad and in the United States.

JITF-CT relationships with the service intelligence organizations and the US Coast Guard (USCG) have never been better or more open and collaborative. Each military service and the USCG have embedded representatives and analysts in the JITF-CT engendering cooperation and close integration of effort in the CT mission. The

USCG and the US Air Force in particular have made exceptional contributions in the form of integrated analytical personnel. The Naval Criminal Investigative Service has struck an agreement with the JITF-CT whereby its MTAC acts as a fully-integrated maritime component of the JITF-CT. The Office of Naval Intelligence is working toward a similar arrangement. US Army INSCOM continues to provide leading edge technology cooperation and unique capabilities that JITF-CT seeks to further exploit in support of its all source analysis and targeting mission. Progress in the integration of service intelligence capabilities and the sharing of intelligence across organizational lines is well on track.

Transparency and cooperation with CIA has progressed since September 11, 2001. The Agency has provided a high volume of HUMINT reporting across the terrorism spectrum, which is a major component of JITF-CT's ability to perform its all-source mission. The DCI has opened the way for JITF-CT senior leaders to attend his daily senior staff briefings on current issues and activity. This has provided heretofore unavailable insight into developing threats, collection strategies and aspects of operations. JITF-CT analysts are being integrated into CTC's terrorism targeting and operations elements, which promises to improve transparency and closer integration of CIA and DoD planning and counterterrorism operations cooperation. JITF-CT analysts are also working effectively and transparently with CIA field operations officers associated with DoD special operations elements. At the request of Director DIA, the DCI and the Director CTC have designated a Defense Senior Executive Service officer as a CTC Deputy for Defense Intelligence to better integrate and coordinate CTC and JITF-CT and other DoD intelligence efforts. This promises to pay mutually beneficial dividends in closer working relationships and intelligence sharing.

In summary, the effectiveness of JITF-CT as DoD's authoritative all source intelligence analysis center for the anti-terrorism and counterterrorism missions is entirely dependent on the fidelity, timeliness and quality of intelligence contributed by other key intelligence gathering agencies, namely CIA, FBI and NSA. Although not all intelligence transparency objectives have been achieved, intelligence sharing and collaboration has measurably improved and continues to do so.

SENATE SELECT COMMITTEE ON INTELLIGENCE
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11 February 2003

QUESTION AREA: Intelligence Community Support to the Department of Homeland Security

QUESTION 3:

a) To what extent have each of your organizations committed to providing intelligence analysts and other staff to the new Department of Homeland Security? How many employees have you committed, or anticipate committing, to the new Department? For how long will these employees be on loan to the Department?

b) Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they?

c) How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

ANSWER A: DIA has seven personnel detailed to the Department of Homeland Security (DHS) since March of 2003. We periodically review this staffing level and the workload. We will ensure appropriate support to DHS as it stands up operations.

ANSWER B: Through the Joint Worldwide Intelligence Communications System and other secure communications links, DIA provides DHS access to homeland security-related products, data bases, and reports generated or maintained by DIA.

ANSWER C: The impact of DIA's present level of support to DHS on our ability to focus on other IC priorities is manageable.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: Afghanistan

QUESTION 4:

a) How effectively is the Karzai regime dealing with the remnants of the Taliban and al-Qa'ida?

b) Assuming the current level of international support for the Karzai regime, how long will it take for Afghanistan to become a democratic and economically viable state?

c) What efforts are being taken to secure Afghanistan's borders and diminish that country's appeal as a safehaven for terrorists?

d) To what extent is President Karzai committed to eradicating Afghanistan's opium crops?

ANSWER A: Karzai's regime has been moderately effective against the remnants of the Taliban and al-Qa'ida. Karzai's April 22 meeting with Pakistani President Musharraf was part of a continuing effort to encourage Islamabad's efforts to improve security along the border to prevent opposition militant groups from launching attacks from Pakistani territory. These groups' continued access to Pakistani tribal areas allows them to operate with significant support from Pakistani Pashtuns and Islamic extremist groups.

President Karzai's response is his intensified efforts to win over low- to mid-level former Taliban with an amnesty offer. However; there is significant resistance to this plan from within his government, especially by former Northern Alliance members who distrust their former rivals.

The Karzai government also has engaged resurgent Taliban groups militarily, relying on the limited capabilities of allied militia forces and the fledgling Afghan National Army (ANA).

ANSWER B: We estimate that Afghanistan probably will require at least 10-15 years, since it historically has never been either fully democratic or economically viable.

ANSWER C: President Karzai is cooperating closely with Coalition forces to eliminate terrorists while, at the same time, building a security apparatus capable of effectively preventing the reemergence of an Afghan terrorist safe-haven. The Afghani government is working to expand the Afghan National Army (ANA), its principal arm for

providing security. The ANA's capabilities are limited by its relatively small size; currently, there are only 9 battalions (4,500 men out of a planned 70,000).

In December, Kabul signed a Friendship Treaty with all six of its neighbors to further efforts to secure and coordinate border controls. Similarly, during his 22-23 April visit to Islamabad, Karzai and Pakistani President Musharraf agreed to establish a tripartite commission and to establish a hot-line "to coordinate border security concerns." The commission will focus on reduction of cross-border incursions by Afghan and Pakistani militants operating from safe havens in Pakistan. The Pakistani government is cooperating with Coalition efforts to interdict al-Qaida members and dedicated a substantial number of Army troops to the tribal areas along the border.

ANSWER D: President Karzai called for an immediate end to Afghan poppy cultivation. The poppy destruction program is conducted exclusively by Afghan forces. Poppy eradication is the cornerstone of President Karzai's long-term agenda to eliminate the Afghan drug trade; however, he is pragmatic enough to realize the impossibility of an immediate cessation.

Poppy eradication efforts began in late 2002, but there is no independent verification of the results. Karzai's use of Afghan forces in eradication efforts has a two-fold purpose: it reduces the areas under cultivation without involving coalition forces and pays the Afghan militias involved from internationally funded counter-drug programs.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: North Korea's Nuclear Weapon Program

QUESTION 5: Last year, DIA informed the Committee that: "[w]e judge that North Korea has produced one, possibly two nuclear weapons."

a) Do you still believe this is the case?

b) What changes have you observed in North Korea's nuclear weapon program since North Korea announced that it is withdrawing from the Nuclear Non-Proliferation Treaty?

c) What information do you have that North Korea has provided ballistic missile technology, weapons of mass destruction or other support to Iraq, al-Qa 'ida or other terrorists groups?

d) What is your assessment of North Korea's intention to flight test new or existing missile systems? What is the operational status of the Taepo Dong I as a surface-to-surface missile?

ANSWER A: Yes.

ANSWER B: North Korea expelled IAEA observers from its nuclear facilities at Yongbyon, and it has restarted operations of its 5MWe nuclear reactor. We cannot confirm North Korea's claims that it reprocessed nearly all of the nuclear fuel that was removed from this reactor around the time of the signing of the Agreed Framework. We do not have precise information on activities at Yongbyon, but North Korea's threat that additional plutonium for new weapons has been or will be removed from the used fuel is real.

ANSWER C: I cannot respond in this forum and I am forwarding a response separately.

ANSWER D: We continue to assess that Pyongyang may be ready to test the Taepo Dong 2 (TD-2), perhaps as a space launch vehicle, and perhaps in another country, with little additional warning. A flight-test of a shorter range missile also is possible at anytime.

We have no information to suggest Pyongyang intends to deploy the Taepo Dong 1 (TD-1) as a surface-to-surface missile in North Korea. We believe instead that the vehicle was a test bed for multi-stage missile technologies.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: Prospects for Instability in North Korea

QUESTION 6:

a) What are the prospects for a coup or revolution in North Korea? What are the risks of such an event spilling over into a regional conflict as the competing interests of the U.S., South Korea and China come into conflict?

b) 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?

c) How strong is Kim Jong-il's hold on power? Who will likely succeed him?

d) How confident are you of your assessments considering the closed nature of North Korea?

ANSWER A: We have no indicators that the Kim regime is under threat of a coup. In the event of a coup or an attempt, the likelihood of it initiating regional conflict is small.

ANSWER B: The likelihood of North-South reunification within the next 5 years is low. Reunification, in any time frame is likely to be peaceful, but not necessarily orderly. Seoul is concerned about a catastrophic collapse of the North that would burden the South's economy and security framework. None of the parties see conflict as a way of resolving Peninsula issues, so any potential for war is in miscalculation. North Korea's nuclear brinkmanship poses the greater danger.

ANSWER C: Kim Chong-il's hold on power appears secure. We lack reliable insights into the internal dynamics of his regime, however successor(s) to Kim most likely would come from the military. There are no obvious successors.

ANSWER D: We have low confidence in our assessments of prospects for instability due to the closed nature of the regime and the corresponding lack of access to key power centers. We are more confident in our assessments of the North's military capabilities.

SENATE SELECT COMMITTEE ON INTELLIGENCE
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QUESTION AREA: Prospects for War Between China and Taiwan

QUESTION 7:

a) What is the likelihood that China will attempt an invasion of Taiwan in the next five years?

b) What factors would lead Beijing to consider a military versus a peaceful resolution of cross-strait issues?

c) What is you current assessment of China's amphibious program and future invasion capabilities?

d) How many missiles does China possess that could strike Taiwan, what is the destructive capability of this missile force, and what is Taiwan's retaliatory missile capability?

e) To what extent have close U.S.-Taiwan relations been an obstacle to closer U.S.-China ties?

ANSWER A: It is unlikely that China will attempt an invasion of Taiwan in the next five years, unless provoked by a major domestic or Taiwan-related incident.

ANSWER B: The most commonly cited factors include: a formal declaration of independence by Taipei, foreign intervention in Taiwan's internal affairs, Taiwan's acquisition of nuclear weapons, and internal unrest on Taiwan. China's leaders also have indicated that indefinite delays in the resumption of cross-Strait dialogue could be justification for the use of force.

ANSWER C: DIA assesses that the PLA will have a marginal capability to mount an invasion through the remainder of the decade. China has shortfalls in amphibious lift, interoperability of PLA forces, and a logistical system. In order for an invasion to succeed, Beijing would need to conduct a multi-faceted campaign, involving air assault, airborne insertion, special operations raids, amphibious landings, maritime area denial operations, air superiority operations and conventional missile strikes. Nevertheless, the campaign likely would succeed – barring third-party intervention – if Beijing were willing to accept the political, economic, diplomatic, and military costs of such a course of action.

ANSWER D: The following lists China's missile capabilities:

- China's CSS-6 and CSS-7 SRBMs, with ranges of at least 600 km and 300 km respectively, provide it with a survivable and effective conventional strike force against Taiwan.

- China has approximately 450 SRBMs already in its deployed inventory; this number will increase by over 50 missiles per year for the next few years. The accuracy and lethality of this force are increasing through the use of satellite-aided guidance systems.

- All of China's known SRBM assets are believed to be based in the Nanjing Military Region opposite Taiwan. The number of conventional ballistic missiles deployed opposite Taiwan is expected to increase substantially over the next several years.

- The People's Liberation Army is developing variants of the CSS-6 that could employ satellite-aided navigation to enable attacks against both Okinawa and Taiwan.

China's improving capabilities, especially the growing SRBM force in southeast China, will have the net effect of improving China's ability to interfere with the operations of U.S. forces in the region and to deny access to key ports, airfields, and other bases in the region.

Taiwan's present retaliatory capability consists primarily of fighter aircraft – its inventory of over 400 fighter aircraft includes more than 325 4th-generation fighters – and possibly special operations forces. To the best of our knowledge, Taiwan has no retaliatory missile capability. Taiwan appears to have a land-attack cruise missile research and development program, which may reach IOC by mid-decade. Rumors periodically surface of a ballistic missile program, but the reliability of this data is difficult to ascertain.

ANSWER E: Taiwan is the major obstacle to closer PRC ties with the United States. China believes that the increasingly close relations between the United States and Taiwan are a factor leading Taiwan toward independence. The PRC routinely criticizes U.S. military ties with Taiwan, particularly arms sales. Nevertheless, Beijing views a positive U.S.-China relationship as important to China's economic development, which tempers PRC reaction to U.S.-Taiwan relations.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: Sino-Japanese Relations

QUESTION 8:

a) What is the likelihood that there will be an increase in tensions between China and Japan in the next five years?

b) What are the main factors that influence this bilateral relationship?

c) What factors could most exacerbate tensions in this relationship?

ANSWER A: The likelihood of increased tensions within the next five years is low; however, Chinese umbrage over Japanese politicians' visits to Yasukuni Shrine, Japan's pursuit of independent defense capabilities and Japan's continuing ties with Taiwan are likely to provoke low-level friction.

ANSWER B: The main factors that influence the Sino-Japanese bilateral relationship are Japan's desire to maintain economic and political influence with the countries in the region, Japan's World War II occupation, Japan's alliance with the United States, and China's growing diplomatic, economic and military capabilities. Expanding Chinese military capabilities will become a major factor in China's influence over the bilateral relationship if future relations are viewed in balance-of-power terms.

ANSWER C: The factors that could exacerbate tensions are growing nationalism in both countries, competition for economic investment and a territorial dispute. There is risk that one or both countries will turn to nationalist rhetoric to justify political and/or military actions. Both countries will continue to vie for economic investment, creating tensions particularly as some business practices could lead to charges of favoritism or cultural biases. The territorial dispute with potential for conflict is control over the Senkaku Islands (Diaoyu Tai).

SENATE SELECT COMMITTEE ON INTELLIGENCE
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11 February 2003

QUESTION AREA: Pakistan

QUESTION 9:

a) What is your assessment of the stability of Pakistan's government?

b) To what extent are Islamic fundamentalists influencing the government's policies on the War on Terrorism and U.S. relations?

c) How helpful has Pakistan been in the War on Terrorism?

d) What is the status and security of Pakistan's nuclear program?

e) To what extent are you concerned that Islamic fundamentalist elements within Pakistan's government will provide nuclear weapon technology or assistance to al-Qa'ida or other terrorist groups?

f) What would Pakistan's likely reaction be to another Indian nuclear test?

g) How would a U.S.-led war against Iraq impact the stability of Pakistan's government?

ANSWER A: We assess the Pakistani government to be stable. Assassination presents the greatest near-term threat of instability. We remain concerned, however, that a rise in Islamic extremism among the public and political parties could serve as a catalyst for a political crisis.

ANSWER B: Islamic fundamentalists and extremist groups moderately influence the government's policies on the War on Terrorism and U.S. relations.

Anti-US sentiment limits the government's ability to collaborate with the US. Anti-US sentiment in the tribal areas on the Afghan border complicates Pakistani military efforts to apprehend terrorists and to interdict movement across the Afghan border.

ANSWER C: Pakistan is a key supporter in the Global War on Terrorism. President Musharraf's government has made bold and courageous decisions to work with the international community to fight terrorism The government of Pakistan has given strong and sustained support on counter-terrorism matters – the arrest of senior al-Qa'ida

operatives such as Ramzi bin al Sheehb and Khaled Shaykh Mohammed are examples of Pakistan's key role in counter-terrorism efforts.

ANSWER D: Pakistan can monitor and account for its stockpile of nuclear weapons. We believe that Pakistan is taking appropriate protective measures, and Islamabad assures the US that its weapons are secure.

ANSWER E: We would be very concerned should Islamic extremists take control of Pakistan, since many extremists suggested during Operation Iraqi Freedom that Pakistan should provide nuclear devices to Iraq. We are confident that President Musharraf wouldn't provide nuclear weapons, fissile material, or technical assistance to al-Qa'ida. We are concerned, however, about the threat of an individual providing nuclear-related technology, since it is difficult for any government to prevent the unauthorized transfer of information. Islamabad already has arrested and interrogated scientists suspected of passing sensitive nuclear technology to al-Qa'ida.

ANSWER F: Islamabad would be under intense domestic pressure and likely would respond in kind with its own nuclear test.

ANSWER G: The war in Iraq did not appreciably affect the stability of thePakistani government.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: Security of the Russian Nuclear Stockpile

QUESTION 10: Last year, the CIA informed the Committee that "Russian safeguards for its WMD arsenal are uneven despite some improvements made with U.S. 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."

a) Is this still an accurate description of the security of the Russian nuclear stockpile?

b) Have you received any information in the last year that indicates that terrorists have tried to acquire Russian nuclear material?

ANSWER A: Yes, we agree that there is a lack of credible evidence about the loss or theft of a Russian nuclear warhead. Russian safeguards are uneven.

ANSWER B: Yes, there were a few reports during the past year of terrorist attempts to acquire Russian nuclear material.

SENATE SELECT COMMITTEE ON INTELLIGENCE
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11 February 2003

QUESTION AREA: The Challenges Facing Post-Saddam Iraq

QUESTION 11: Last year, the CIA told the Committee that: "[t]he 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."

With the fall of Saddam's regime, there will be many challenges to making Iraq a democratic, stable, and economically viable regime—including creation of an effective transitional security force, developing a comprehensive plan for security, eliminating weapons of mass destruction [WMD] and establishing an international transitional administration.

a) How long will this process take and how much will it cost?

b) How is the Arab World reacting to an Iraq defeated and occupied by the U.S. and its allies?

c) To what extent is this outcome increasing the likelihood that the U.S. will be targeted by Islamic terrorists such as al-Qaida?

ANSWER A: We don't have reliable timelines or cost estimates, as there are too many unknowns and variables which could have an impact on such estimates.

ANSWER B: Many Arab governments are concerned that the U.S. will not stay focused long enough to create a stable, unified Iraq. Also of major concern to Iraq's Arab neighbors is the possibility of the rise of fundamentalist Islamists or Shia Muslims in the new Iraq. They fear such developments in Iraq will embolden their own Islamists or minority Shia populations to make demands on their governments. Regional governments also fear that the U.S. and indigenous elements will pressure them to reform their political and economic systems.

Iran is pleased with the fall of Saddam's regime, but is concerned about Iraq's follow-on government, the U.S. presence, and destroying the Mujahideen-e Khalq (MEK), an anti-Iranian terrorist organization located in and formerly supported by Iraq.

Turkey is supportive of U.S. efforts in Iraq. The Turkish government seeks to renew trade relations with a new Iraqi government as soon as possible and to participate in reconstruction efforts. Turkey supports a stable Iraq that maintains its territorial integrity, aims for the free and fair representation of all Iraqi people through the establishment of democratically elected government, and ensures for the participation of Iraqi Kurdish groups in any new government.

ANSWER C: Due to the unsettled security environment, Islamic extremists are trying to move money, weapons, and personnel into Iraq. Islamic extremists from the Middle East and other parts of the world are attempting to travel to Iraq to participate in anti-coalition attacks.

SENATE SELECT COMMITTEE ON INTELLIGENCE
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11 February 2003

QUESTION AREA: The Future of North Korea

QUESTION 12: In 1996, DIA informed the Committee that "[t]he likelihood that North Korea will continue to exist in its current state 15 years from now is low to moderate. Unless solutions to the North's economic problems are found, the regime will not be able to survive. It will have to adapt, slide into irrelevance, or collapse/implode. This has led many analysts to believe a process of political self-destruction has begun with potential for system collapse within 3 years."

a) While the North Korean regime obviously did not collapse within three years of that statement, what do you think of the long-term viability of the North Korean regime?

b) What do you believe is the likeliest scenario for the North Korean regime's demise – adaptation, sliding into irrelevance, or collapse/implode?

ANSWER A: We foresee continued economic decline and international isolation. Determining any precise "breaking point," however, is no easier today than it was in 1996. The regime shows no signs of losing control; it is more likely that its course will be driven more by external dynamics, e.g. outcome of the nuclear issue, North-South relations, etc., than by events or forces inside the North.

ANSWER B: The regime's course will more likely be driven by external dynamics – outcome of the nuclear issue, North-South relations, etc. -- than by events/forces inside the North. "Adaptation" is the most likely of the three scenarios posited.

SENATE SELECT COMMITTEE ON INTELLIGENCE
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QUESTION AREA: The Impact of U.S. Military Withdrawal from South Korea

QUESTION 13:

a) How serious is anti-American sentiment in South Korea at present?

b) If the U.S. were to withdraw its military forces from South Korea, what would be the impact on the region – and specifically, on North Korea-South Korea relations?

ANSWER A: While the surge of anti-Americanism in late 2002 has abated and even spurned some pro-American demonstrations, an undercurrent of anti-Americanism is present in Korean society and, by most measures, is increasing. "Anti-Americanism" is found in a range of groups and sentiments, from a public demand that the US show sensitivity to an increasing pluralistic Korean body politic, to those who seize upon incidents to forward an agenda for radical transformation of South Korea. Whether anti-Americanism will threaten the alliance depends on the policies and maturity of South Korean leaders.

ANSWER B: A U.S. military withdrawal from South Korea would have profound implications for regional security, whatever the scenario. In the unlikely event the U.S. were to withdraw unilaterally or under extremely adverse circumstances, the full range of relationships among the U.S., ROK, Japan, North Korea, China, and Russia, as well as others, would undergo major re-examination. If a U.S. withdrawal were conducted in close consultation with the ROK and the other key players, the impact – though still significant – would be lessened.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: Possible Iraq-Libya WMD Cooperation

QUESTION 14: What information do we have regarding cooperation between Iraq and Libya with regard to Weapons of Mass Destruction? Please elaborate.

ANSWER: I cannot respond in this forum and I am forwarding a response separately.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: The Purpose of Saddam's WMD Programs

QUESTION 15: What is the primary purpose of Saddam Hussein's WMD programs, deterrence or some more aggressive purpose (e.g., for use in terrorist attacks)?

ANSWER: Saddam Hussein's regime no longer exists and thus has no role in any remaining WMD programs or related equipment or material.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: Possible Saudi Pursuit of WMD

QUESTION 16: Do we have any reason to believe that Saudi Arabia is seeking WMD from Pakistan or other countries? Please elaborate.

ANSWER: Saudi Arabia has ratified the Nuclear Nonproliferation Treaty (NPT), the Biological and Toxin Weapons Convention (BWC) and the Chemical Weapons Convention (CWC). Saudi Arabian military forces have some biological and chemical warfare defensive equipment, but we do not believe that Saudi Arabia is trying to acquire biological or chemical agents or weapons from foreign sources. Saudi Arabia purchased CSS-2 Intermediate Range missiles from China in the late 1980s.

I am providing additional information separately.

SENATE SELECT COMMITTEE ON INTELLIGENCE
World Wide Threat Hearing
11 February 2003

QUESTION AREA: Saudi Arabia

QUESTION 17: The Sunday, February 9, 2003 edition of ***The New York Times*** reported that "Saudi Arabia's leaders have made far-reaching decisions to prepare for an era of military disengagement from the United States, to enact what Saudi officials call the first significant democratic reforms at home, and to reign in the conservative clergy that has shared power in the kingdom." The article also stated that Crown Prince Abdullah will ask President Bush to withdraw all American armed forces from Saudi Arabia as soon as the campaign to disarm Iraq has concluded.

a) What is your assessment of the likelihood that Saudi Arabia will seek to alter its military relationship with the U.S. and institute democratic reforms?

b) Please characterize the nature and extent of Saudi cooperation with U.S. intelligence and law enforcement on counterterrorism in general and the investigation into the September 11 attacks in particular.

ANSWER A: Once US operational forces leave the kingdom, the relationship will be centered upon mutual oil interests, security assistance, commercial interests, and the war on terrorism.

Saudi Arabia is progressing politically, but faces significant societal constraints. Debate over reform is widespread. In January 2003, Crown Prince Abdullah told Arab leaders that it was time for "internal reform and enhanced political participation in the Arab World." Other senior Saudi leaders will continue to oppose Crown Prince Abdullah's reform initiative, slowing the pace of change.

ANSWER B: The Saudis have arrested numerous al-Qaida terrorists and are on the front line of the al-Qaida terrorist threat. Following the 12 May bombings in Riyadh, a 60-man FBI team was dispatched to the Kingdom to assist Saudi authorities with the investigation. US Ambassador Robert Jordan hailed the cooperation as "superb." Saudi military officials also maintain close and productive relationships with their US counterparts.

SSCI# 2003 - 2641

FBI Director Robert S. Mueller, III
Responses to Questions for the Record
From Senator John D. Rockefeller IV

1. **In his recent State of the Union speech, President Bush announced that he has instructed the Director of Central Intelligence, the Director of the FBI, working with the Attorney General, and the Secretaries of Homeland Security and Defense to develop a Terrorist Threat Integration Center (TTIC). This new center will merge and analyze terrorist-related information collected domestically and abroad in order to form the most comprehensive possible threat picture. Please elaborate on how this new Center will function.**

(A) How will it be managed, and what, if any, limitations will be put on the intelligence to be shared?

Response:

The TTIC is a joint venture between the participating agencies. It is managed by a Director selected by the Director of Central Intelligence in consultation with the Secretaries of Homeland Security, Defense, the Attorney General and the Director of the FBI. The TTIC will also have one Principal Deputy Director from an agency different than the Director of TTIC.

The TTIC Director will supervise and manage the all-source analysis of terrorist threat information done in the TTIC. He will not direct operations. The TTIC will have access to all terrorist threat information available to the U.S. Government. The TTIC will be a significant contributor to the development of requirements for intelligence collection, but the fulfillment of those requirements will be conducted by the operational arms of the relevant agencies under their existing authorities and command structure.

The operational bodies of the FBI and CIA will retain all of their existing authorities (and limitations), reporting structures, and chains of command. There will be no operational changes brought about by the co-location -- other than the fact that coordination and communication will be simplified by virtue of being located in the same facility. The respective operational divisions will not be under the direction of the TTIC Director. The TTIC is strictly analytic in nature.

(B) When do you anticipate that this Center will be fully operational as envisioned?

Response:

The final stage of TTIC implementation will occur when the new facility is ready which

is expected approximately Summer 2004.

(C) What additional resources will be needed to fund the FBI's contribution to this Center?

Response:

TTIC is building a proposed budget to cover the creation of an IT architecture that will, at a minimum, support TTIC requirements and may support the requirements of both the FBI's Counterterrorism Division (CTD) and the CIA's Counterterrorism Center (CTC). To what degree either FBI or CIA contribute to this effort remains unresolved.

(D) Is there also a plan to move the Counterterrorism Division of the FBI and the DCI's Counterterrorism Center (CTC) into one building?

Response:

The final stage of TTIC implementation includes the co-location of substantial elements of the FBI's CTD and the CIA's CTC. The co-location effort will take place at a neutral site away from either CIA or FBI headquarters. Locating the TTIC in the same facility as the primary operational arms of the CIA and FBI is beneficial in that the analysts will be closer to the gatherers of the information which has been proven to enhance both the quality of analysis and the effectiveness of investigations.

(E) To what extent were you consulted about the formation of this Center prior to the President's State of the Union speech?

Response:

The FBI, the Director of Central Intelligence, and other Intelligence Community officials engaged in discussions with the Administration about the formation of an intelligence fusion center prior to the President's State of the Union speech.

2. **The recent "Slammer" computer virus, which struck thousands of computers, crashing bank machines and disrupting businesses and Internet connections, underscores the vulnerability of the U.S. economy to cyberterrorism.**

(A) Do we have any information that al-Qaida has the interest or ability to conduct cyberterrorist operations against the U.S.?

Response:

Al-Qaeda has demonstrated a capability to carry out innovative, complex, and simultaneous attacks such as September 11, 2001 and the 1998 bombings of the U.S. embassies in Kenya and Tanzania. Although unlikely to abandon its principal means of attack, bombings and small arms, al-Qaeda's ability to plan and initiate innovative attacks indicates that the group may be receptive to new methods of attack, including cyber, as part of a compound physical and cyber attack. Currently, al-Qaeda has not displayed a computer network attack (CNA) capability. However, the group uses computers to communicate, plan, gather information on potential targets, and acquire logistical support. The recent geographical dispersion of al-Qaeda personnel by U.S. military actions may cause an increase in the group's use of the Internet for communication and coordination.

In addition, the increased attention focused on the group by law enforcement and intelligence agencies worldwide, as well as new security measures in place at potential U.S. targets, may lead al-Qaeda to increase its information technology sophistication in order to bypass new defensive measures. This might include:

- Seeking insiders with cyber access to potential target sets
- Recruiting computer experts or students with computer expertise
- Employing an unwitting computer expert
- Developing or using tools, devices, and malicious software to access and attack targets.

As with many groups, al-Qaeda reviews its past successes and failures. The impact of the September 11 attacks on the World Trade Center and the Pentagon may induce them to look further at vulnerabilities in U.S. critical infrastructure (e.g., banking, telecommunications, electric power, etc.) and the potential damage and disruption that could result from an attack, whether direct or indirect, on a portion of that infrastructure. Other terrorist groups, particularly militant Islamic groups, are also aware of the potential economic and social effects of attacking infrastructure. Many of these groups maintain ties to other groups, including al-Qaeda. These connections could result in "proxy" groups conducting attacks in support of al-Qaeda or the various groups exchanging targeting information on sectors of the U.S. infrastructure.

(B) What terrorist groups are the likeliest to conduct such operations?

Response:

Terrorist groups have not yet displayed a proven capability in CNA. There are a number of reasons why terrorists have not pursued this more aggressively, including a historical preference for physical attacks over more sophisticated but less visible attacks, and the tendency to rely on members' expertise rather than to consult outside professionals. Even so, some terrorist groups may have understood the significance of the effects of the

September 11 attacks on the nation's infrastructure and look to repeat and broaden those effects in future attacks.

(C) What is the ability of the U.S. Intelligence Community to provide actionable warning of cyber attacks?

Response:

The ability to provide information on emerging capabilities and potential threats is an interagency effort that takes into account signals intelligence and human intelligence, as well as information from open sources, including academic and private organizations that monitor vulnerabilities, exploits, and malicious code such as viruses, worms, and denial-of-service attacks. It is difficult to assess current capability given the lack of traditional indicators combined with the voluminous non-terrorist related cyber incidents.

The indicators of a CNA program differ from any other. Conventional military strength, for example, is easily detected and assessed. Nations must either purchase weapons systems or have the industrial capacity to build them. Moreover, the more powerful the weapon system (e.g., tanks, aircraft, and naval vessels), the easier it is to detect. CNA programs, however, also differ from other non-conventional weapons programs. CNA programs do not require the detectable engineering research, development, testing, and evaluation that complex weapon platforms such as ballistic missiles require. They do not require the concentration of highly specialized knowledge (or the program signatures) that nuclear, biological, or chemical weapons programs do. Funding a CNA program can be done clandestinely and, with direction, it can be masked as legitimate businesses or research and development.

(D) To the extent that this is a problem area, what is being done to rectify it?

Response:

The FBI has undergone significant changes, including the reorganization of resources to more appropriately address terrorism and the creation of the Cyber Division (CyD). By creating the CyD, the FBI has reorganized investigative resources to more effectively address the emerging cyber threat that our country faces, including, in priority order, cyber-terrorism, cyber-counterintelligence and cyber-crime.

The mission of the CyD is to: (1) coordinate, supervise and facilitate the FBI's investigation of those federal violations in which the Internet, computer systems, or networks are exploited as the principal instruments or targets of terrorist organizations, foreign government sponsored intelligence operations, or criminal activity and for which the use of such systems is essential to that activity; and (2) form and maintain public/private alliances in conjunction with enhanced education and training to maximize

counterterrorism, counterintelligence, and law enforcement cyber response capabilities.

The key to protecting our National Information Infrastructure from a cyber attack is information, which serves as the foundation of an effective intelligence base. It is realized that the government, including the FBI, must work better with the private sector and government partners to facilitate a meaningful information exchange focused on actual cyber threats.

The FBI has formed an Interagency Coordination Cell (IACC) which holds monthly meetings regarding ongoing investigations with pertinent government agencies. This entity is currently operating under and supported by the Cyber Division Computer Intrusion Section and its membership has risen to approximately 35 government agencies that meet on a monthly basis, and as needed, to address specific threats and vulnerabilities. The IACC includes representation from NASA , U.S. Postal Service, Air Force Office of Special Investigations, U.S. Secret Service, U.S. Customs, Departments of Energy, State and Education, and the CIA, to name a few.

The IACC's accomplishments to date include the formation of several joint investigative task forces with member agencies participating, and over 30 separate instances of joint investigations being initiated as a direct result of IACC meetings, information sharing and participation. In one case, an IACC member agency provided timely sensitive source information to the appropriate authorities which prevented the planned intrusion and compromise of another government agency's computer system and the preservation of critical log data used for the ensuing investigation.

The IACC's members are currently working on the establishment and development of a database which would serve as a source of computer intrusion information compiled from member agency investigations to facilitate other investigations. It is also working on the establishment and administration of a dedicated virtual private secure network for member agencies to communicate vital infrastructure protection and computer intrusion information for immediate emergency response situations, in addition to dissemination of routine but sensitive information.

(E) How does the transfer of the National Infrastructure Protection Center (NIPC) into the Homeland Security Department affect the government's approach to this problem?

Response:

The ability of the U.S. Intelligence Community to provide actionable warning of cyber attacks, was discussed in an April, 2001 General Accounting Office Report, which listed strategic analysis (including advance warning of cyber attacks) as one of the NIPC's challenges. NIPC's mission and challenges were transferred to the Department of

Homeland Security (DHS) in March 2003. Although the mission and many key personnel have been transferred to DHS, the FBI will continue work closely with the new Department, sharing threat information to assist in risk assessments. The FBI has provided several liaison personnel to DHS, and NIPC personnel and functions continue to be located within FBI spaces.

It is our understanding that DHS, through the Directorate of Information Analysis and Infrastructure Protection (IAIP) will merge under one roof the capability to identify and assess current and future threats to the homeland, map those against our vulnerabilities, issue timely warnings and take preventive and protective action. Regarding cyber attacks, the IAIP Directorate places an especially high priority on protecting our cyber infrastructure from terrorist attack by unifying and focusing the key cyber security activities performed by the Critical Infrastructure Assurance Office and the National Infrastructure Protection Center.

3. **The potential use of terrorism against agricultural targets (i.e., agroterrorism) raises the prospects of significant economic loss and market disruption. U.S. Department of Agriculture officials estimate that a single agroterrorist attack on the livestock industry using a highly infective agent, for example, could cost the U.S. economy between $10 billion and $30 billion.**

(A) How great do you consider the threat of agroterrorism to the U.S.?

Response:

Although we are unaware of any specific threats, the FBI considers the U.S. agricultural industry vulnerable to terrorism based on the following facts:

Accessibility: Biological agents that have significant impact on crops and livestock exist around the world, both naturally and artificially maintained in veterinary laboratories. Most notably, the recent Foot and Mouth Disease (FMD) epidemic in the United Kingdom had a devastating impact on the U.K.'s agriculture industry resulting in the loss of large amounts of money as well as a food source. The locations of the outbreaks of the disease were well publicized, and could have been used to determine where to get a virulent form of the virus. Also, the vast open spaces that are a hallmark of agriculture are largely unprotected against potential terrorists, and therefore seem to be extremely susceptible to an act of biological terrorism.

Means of Production: In order to produce large quantities of biological agents of agricultural concern, a person must have the materials, equipment and knowledge to grow the agents in large quantities. Some biological agents,

such as viruses (*e.g.*, FMD virus) require special materials (such as animal cell cultures), equipment and specialized training. However, other biological agents, such as bacteria (*e.g.* the causative agent of Anthrax), are easier to grow and require simpler equipment and training.

While being able to produce large quantities of bacteria or virus may be desirable for someone to commit an act of agricultural bioterrorism, it is not essential for some biological agents. In fact, a person without the materials, equipment or technical knowledge could still successfully create an agricultural epidemic.

Operational Practicality: One of the major obstacles for producing a biological agent to target a human population is preparing the material in a way that it is respirable for a susceptible person. Producing a biological aerosol would allow for a person to have a maximum effect without the intended target(s) knowing that they were attacked. For example, a person sprayed with a liquid or injected with a needle full of a biological pathogen, might suspect that they may be in danger. However, direct exposure or injection of plants or animals remain realistic means by which these "victims" may become exposed.

Preparedness: In contrast to the U.S. public health's preparedness for response to biological terrorism, the agricultural and veterinary community is less effective in its ability to detect and respond to an act of agricultural bioterrorism.

However, the threat to U.S. agriculture may be less than the vulnerability would suggest due to certain conditions, including: (1) diffuse nature of the target; (2) the time between launching an attack and seeing the effects; and (3) the interests of terrorists to launch other types of attacks that kill or injure humans rather than those that effect an infrastructure, such as agriculture.

(B) Do you have any information that terrorists or terrorist groups have tried to target U.S. agriculture?

Response:

Historically, there are examples of agroterrorism. The Ethiopian calendar still celebrates a day memorializing a late 19th century attack by Italian government interests against the Ethiopian cattle industry with the pathogen "Rinderpest" (not pathogenic toward humans).

During World War I, agents of the German government launched several attacks with the causative agents of anthrax and glanders (the latter is a debilitating disease of quadrupeds). These attacks were launched in Norway (against reindeer herds, thought to be used by the British to carry supplies in northern Norway); Argentina; Persia; and the US. The attacks in Persia (now Iraq and Iran) were successful, causing the British forces to halt their advance in the Mesopotamian desert owing to a lack of supply animals (horses, mules and camels, which were sickened with glanders).

No one knows whether the US attacks -- launched by agents of the German government out of Washington and conducted in Baltimore, New York, and St. Louis -- were successful, because no one was monitoring for such attacks. The attacks occurred in 1914-1915, during the period when the US was officially neutral in the European conflict (WWI). The attacks came to light in testimony obtained during hearings into the disposition of alien property seized by the US pursuant to our declaration of war. The investigation was headed by John McCoy (later the Secretary of the Army and Deputy Director of the CIA) and lasted from 1920 - 1943 when the state of war with Germany and Austria made the judgement moot.

(C) What are you doing to increase awareness of this threat within the United States?

Response:

The FBI is addressing the awareness of potential attacks on livestock, crop, and food through efforts intended to share potential threat information and intelligence on four levels:

(1) Through national level liaisons that have been established with: the US Department of Agriculture; the Food and Drug Administration; the Department of Health and Human Services/Centers for Disease Control; and the US Intelligence Community.

(2) Through liaisons established with local, county, and state officials, as well as regional federal partners by the FBI field office Joint Terrorism Task Forces. Currently, there are 66 FBI JTTFs nationwide.

(3) Law enforcement sensitive information/intelligence is also communicated to the nation's law enforcement community through the National Law Enforcement Telecommunications System (NLETS) and FBI generated intelligence reports to the intelligence community.

(4) The FBI is working closely with DHS to directly inform key infrastructures of potential threats at both the national and local regional levels.

4. **Late last year, the House and Senate intelligence oversight committees released the findings, conclusions and recommendations of the Joint Inquiry into the terrorist attacks of September 11, 2001. The Joint Inquiry also expressed concern with the reorientation of the FBI to counterterrorism and suggested consideration of the creation of a new domestic surveillance agency similar to Great Britain's MI5.**

(A) What is your opinion about the pros and cons of creating a new domestic surveillance agency?

Response:

For nearly 100 years, the FBI has earned a reputation as the world's premier law enforcement agency based primarily on its ability to collect information - whether through physical surveillance, electronic surveillance or human source development. For these reasons, the FBI is in the best position to continue to serve as the primary domestic intelligence service for the United States government.

The FBI's ability to pursue an investigation through both traditional law enforcement means and through intelligence collection and operations is a tremendous asset in the war against terrorism. As demonstrated by a number of the international terrorism investigations since 9/11 that have employed prosecutions as one tool to prevent terrorism, such as the arrest and neutralization of the terrorist cell in Lackawanna, New York, the combination of intelligence and prosecutorial functions is a potent and critical ingredient of our anti-terrorism approach. Close coordination of all available tools in the fight against terrorism -- intelligence, military, diplomatic, and law enforcement -- enables strategic application of the best combination of efforts in any particular situation to disrupt terrorist activity. That coordination -- which is now greatly facilitated by the November 18, 2002 FISA Court of Review decision -- is essential to a successful strategic effort against terrorism, and is best achieved by retaining the domestic intelligence and criminal investigative responsibilities within one agency.

(B) What can we learn from Great Britain's experience with MI5?

Response:

We believe that the experience in Great Britain and in many democratic nations which have independent intelligence and law enforcement agencies highlights the inherent difficulties engendered by a lack of coordination between these two critical functions.

5. **(A) To what extent has your organization committed to providing intelligence analysts and other staff to the new Department of Homeland Security?**

Response:

With the creation of DHS, the FBI transferred both Agent and support personnel positions to the DHS. (see detail in response to (B), below). The FBI is currently providing general administrative support to the DHS as detailed in the current Memorandum of Understanding entered into by the Department of Justice and the DHS that runs through the end of FY 2003.

(B) How many employees have you committed, or anticipate committing, to the new Department?

Response:

The creation of DHS required the FBI to transfer 129 agent positions and 87 support personnel positions assigned to the Critical Asset Program and National Infrastructure Protection Program to the DHS. The FBI also has assigned seven counterterrorism agents to the DHS in the following positions: Director of Intelligence Fusion; Director for Domestic Threat, Intelligence, and Detection; Liaison Officer (LNO) to the Threat Countermeasures and Incident Management Directorate; and three remaining LNOs assigned to the Threat Monitoring Center, Response and Recovery Directorate, and Protection and Prevention Directorate.

In addition to the seven agents detailed above, the FBI is also in receipt of a DHS request, dated April 15, 2003, for two additional FBI support positions specific to infrastructure protection.

The FBI will continue to provide general administrative support to the DHS as detailed in the current Memorandum of Understanding entered into by the Department of Justice and the DHS that runs through the end of FY 2003.

(C) For how long will these employees be on loan to the Department?

Response:

The FBI and the DHS are working together to assess the level of support the DHS requires from the FBI. This assessment will determine the length of time that the seven FBI agents are detailed to the DHS. Additionally, the two support positions are proposed for a period of one year.

FBI personnel that are providing general administrative support to DHS, but are not officially on loan, are covered by the current Memorandum of Understanding entered into by the Department of Justice and DHS that runs through the end of FY 2003. This agreement may be extended by mutual written agreement of both parties. In addition, either party, upon 60 days written notice to the other party, may terminate this agreement.

(D) Have you determined the categories of information that you will be providing to the Department of Homeland Security without a specific request from Secretary Ridge? If so, what are they?

Response:

DHS receives a wide range of FBI information in a variety of different formats. The following are examples of information that is provided to DHS without a specific request from Secretary Ridge.

- All products distributed to the law enforcement community via the National Law Enforcement Telecommunications System (NLETS) to include products of the Homeland Security Advisory System. These reports are produced as needed in an unclassified format.

- The FBI Intelligence Bulletin. This report is produced weekly in an unclassified format.

- The CT-Watch Update. This report is produced daily in a classified format.

- Terrorism Reports and Requirements Section (TRRS), Intelligence Information Reports (IIGS). These TRRS reports are raw reports distributed to the Intelligence Community (IC). These reports are produced as needed in both an unclassified and classified format.

(E) How will your commitment to the Department of Homeland Security diminish your ability to focus on other Intelligence Community priorities?

Response:

The current level of committed resources does not have a negative impact on the FBI's ability to focus on other IC priorities. Rather, it is anticipated that increased information sharing with the DHS will sharpen the FBI's focus on IC priorities.

It should further be noted that in an effort to enhance information sharing at all levels, DHS has established two full-time liaison officers within the FBI. One of these liaison officers functions as the "Senior Representative." The second liaison officer functions as the DHS representative to CT-Watch. Furthermore, DHS has been formally invited to increase its representation within the CT-Watch to a level appropriate with its needs, as well as fill the role of deputy within the National Joint Terrorism Task Force (NJTTF).

6. **Suspected Hizballah members in the U.S. are believed to be primarily engaged in fund raising on behalf of the group's activities overseas. 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.**

(A) Under what circumstances do you consider it likely that Hizballah will conduct terrorist activity inside the U.S.?

Response:

It is our judgment that Hizballah would consider terrorist attacks in the United States only as a last resort, and then only in response to US military action against the group in Lebanon or a US war with Iran. Hizballah is unlikely to risk the certain and significant US countermeasures against Hizballah that would follow an attack in the US homeland, especially given the group's demonstrated ability to target Western interests overseas. Hizballah's public relations apparatus has been working aggressively since 9/11 to forestall further US Government pressure on the group in order to maintain its current stature in the political arena in Lebanon.

(B) How would Hizballah -- both domestically and internationally -- react to U.S. military operations against Iraq?

Response:

Hizballah, a Shia extremist group with close ties to the Government of Iran, has consistently opposed the US military presence in the Middle East at large and recently in Iraq. Recent press reporting indicates that Lebanese Hizballah members are present in Iraq, however the intent and activities of these individuals remains unclear. An article in the Los Angeles Times on 4/17/03 quoted Hizballah's Secretary General

Hassan Nasrallah as saying "The people of the region will receive [America] with rifles, blood, arms, martyrdom and martyrdom operations."

That statement, while threatening, did not specifically state that Hizballah would perpetrate attacks against the US and was, therefore, in keeping with Hizballah's other public statements on the US war in Iraq. Hizballah appeared to be attempting to walk a fine line, on the one hand maintaining its jihadi image with sharply worded anti-American vitriol, while on the other hand seeking to avoid becoming a target itself of more direct US pressure or action. As we have now seen, Hizballah did not engage coalition forces through terrorism.

7. **It has been reported in the press that Libya has been sending signals that it wants to get out of the terrorism business and has offered to compensate the families of the victims of the bombing of Pan Am Flight 103. Sudan has reportedly arrested al-Qaida members and "by and large" shut down al-Qaida training camps on its territory.**

(A) To what extent, if any, have Sudan and Libya diminished their support for terrorism? If so, how has that manifested itself?

Response:

We are not aware of current active involvement of the Government of Libya in international terrorism, but Libya continues to harbor suspects in the 1989 bombing of French UTA Flight 772, which killed 171 passengers including seven U.S. citizens. Libya also continues to harbor suspects in the 1986 bombing of LaBelle Disco in Berlin, which killed three (including two U.S. servicemen) and wounded more than one hundred (including 56 U.S. citizens).

As with Pan Am 103, Libya denies any responsibility for these attacks. Libya is purported to have paid reparations to the French government with respect to the UTA bombing, but we have no information regarding admissions of liability.

We are not aware of current active involvement of the Government of Sudan in international terrorism, but Sudan remains a permissive environment and a transit point for Islamic extremists who engage in recruiting, training, fundraising, and logistical support for terrorist activity worldwide.

(B) To what extent, if any, are these nations assisting in the War on Terrorism?

Response:

From our perspective any appearance of cooperation by Qadhafi with the War on Terrorism reflects successful perception management rather than genuine commitment.

We have no relationship with Libyan intelligence services. Despite its much belabored extradition of two intelligence officers for trial in the Netherlands, Libya continues to deny responsibility for the 1988 bombing of Pan Am 103.

From our perspective, Sudan's cooperation with the War on Terrorism is begrudging at best -- designed to curry favor with the US Government, but in actuality neither genuine nor particularly effective.

Sudan's cooperation with FBI investigations has been fitful. Sudan has detained certain individuals at our request but thereafter has denied our access to them or delayed such access for years. Sudan has also denied or delayed for years our access to certain documents and materials confiscated from such individuals. Other individuals detained by Sudan of its own accord and to whom we are provided access have little relevant information to offer.

There have been instances where Sudan has ceded to us access to individuals and materials, which are of benefit to our investigations, but on the whole Sudan creates the appearance of cooperation more readily than it cooperates.

8. **In 1996, the Committee was informed by the CIA that "[w]e see government-orchestrated theft of U.S. corporated S&T [science and technology] data as the type of espionage that poses the greatest threat to U.S. economic competitiveness. We have only identified about a half dozen governments that we believe have extensively engaged in economic espionage as we define it. These governments include France, Israel, China, Russia, Iran and Cuba."**

(A) What new trends do you see in the economic espionage threat to the U.S.?

Response:

The FBI has identified several recent trends in the area of economic intelligence collection. FBI investigations indicate that the traditional collectors of U.S. economic and proprietary information are expanding their list of priority targets and increasing their official and non-official presence in the United States. Priority sectors being targeted by these foreign powers include:

- US national defense and trade information;
- Aerospace technologies;

- Computer technologies (especially nano-technologies);
- Telecommunications;
- Biotechnology; and
- Data technology.

In addition, the FBI has noted the increased targeting by some countries of academic and special interest groups in the United States. This type of spotting, accessing and targeting avoids direct approaches which could reveal intelligence activities. Finally, the increasing amount of travel by U.S. delegations to other countries offers foreign intelligence services more opportunities to spot, assess, cultivate, pitch, and recruit such U.S. persons.

(B) What does the U.S. government do to alert U.S. industry to these threats?

Response:

The Awareness of National Issues and Response (ANSIR) Program is currently the FBI's most useful tool for raising awareness of U.S. industry concerning Economic Espionage threats. The ANSIR program is an officially sanctioned outreach program that interacts with industry.

ANSIR originally focused on companies doing work for the government at the classified level. In the defense industrial base (300,000 companies), for instance, there are approximately 11,000 companies that are considered "secure contractors." The FBI has, however, expanded the ANSIR program to embrace more of the private sector, since many of the threats have turned their attention to stealing trade secrets. The FBI posts one ANSIR Coordinator in each field office. That individual, who is also an FBI Special Agent, is assigned to work with local companies on all counterintelligence threats. The large amount of the ANSIR coordinator's efforts are spent addressing trade secret theft and the economic espionage component.