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CURRENT AND PROJECTED THREATS TO THE NATIONAL SECURITY

HEARING

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

FEBRUARY 5, 2008

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CURRENT AND PROJECTED THREATS TO THE NATIONAL SECURITY OF THE UNITED STATES

TUESDAY, FEBRUARY 5, 2008

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

The Committee met, pursuant to notice, at 10:05 a.m., in room SH–216, Hart Senate Office Building, the Honorable Jay Rockefeller, Chairman of the Committee, presiding.

Committee Members Present: Senators Rockefeller, Feinstein, Wyden, Bayh, Mikulski, Feingold, Nelson of Florida, Whitehouse, Bond, Warner, Hagel, Hatch and Snowe.

OPENING STATEMENT OF HON. JOHN D. ROCKEFELLER IV, CHAIRMAN, A U.S. SENATOR FROM WEST VIRGINIA

Chairman ROCKEFELLER. The hearing will come to order.

I would severely hope that there would be a couple other members. I think it would be courteous and in their interest and in the national interest if several of our members showed up. If they're a few minutes late, that's OK. If they don't show up, that's not so OK, and we might have something more to say about that.

In any event, we're presented with the full array of our national intelligence structure, and the Intelligence Committee meets to hear from this ommunity, intelligence community, about security threats facing our Nation.

It is appropriate that we begin this annual threat hearing and that we do it in public. We do it every year. Sometimes they've gone on for a long time. What we've done this time is to ask each of you, with the exception of the Director, to hold your comments to 5 minutes, and it will be very interesting, in the case of the CIA, to see if that can actually be done.

[Laughter.]

Chairman ROCKEFELLER. But anyway, you're the folks that keep us safe. We in Congress authorize and appropriate funds for what you do. The American people have a right to know where our resources are going, insofar as that's appropriate, what intelligence officials consider to be the greatest threats, and what actions our Government is taking to prevent those threats. As we've learned many times, our intelligence programs will only be successful if the American people are informed. It's a relative statement. But they have to feel that they're a part of this equation, and that's what

helps us get appropriations and gets bills passed, hopefully, and makes the process work.

Today the Committee will want to hear how our intelligence community assesses the immediate threats from terrorist organizations. We do that each year, starting with the continued threat posed by al-Qa'ida.

I believe this threat has actually grown substantially since last year's threat review—I'll be interested if you agree—particularly in Afghanistan and Pakistan. I hope to focus closely on that threat in today's hearings, and throughout the year it will be part of the Vice Chairman's and my schedule throughout the year.

As you know, al-Qa'ida's war against the United States did not start on September 11th. It started before that and did not end on that tragic day. Since that time, our intelligence agencies have been successful in identifying and preventing new al-Qa'ida attacks in this country, most of which cannot be discussed publicly.

But progress has been mixed. And unfortunately, many of our Government policies have, in fact, hindered our counterterrorism activities. After 9/11, the invasion of Afghanistan by U.S. and coalition forces drove the Taliban from power, had Osama bin Ladin on the run and was on the verge of depriving al-Qa'ida of the very sanctuary that it needs in order to plot and carry out its murderous designs.

Then the focus of America's military forces and intelligence resources were mistakenly shifted from delivering the decisive blow against al-Qa'ida, which is the enemy. Instead, these resources were diverted to the invasion of Iraq and the overthrow of Saddam Hussein, and one can have arguments about that.

Now, 6.5 years later, after the 9/11 attack, bin Ladin remains at large. That is a source of embarrassment and concern to all of you. And al-Qa'ida operates in a terrorist safe haven along the Afghanistan-Pakistan border from which it trains and directs terrorist cells, perhaps with more confidence than ever. al-Qa'ida has used this border safe haven to reconstitute itself and launch offensive operations that threaten to undo the stability of Afghanistan and undermine, if not overthrow, the Pakistan Government.

And tragically, like before 9/11, al-Qa'ida has once again secured a base of operations from which to plot and direct attacks against the United States. Unfortunately, our continued military occupation of Iraq compounds the counterterrorism challenge that we face as it is used for terrorist propaganda purposes to fuel the recruitment of Islamic jihadists.

As evidenced by the Madrid and London bombings, violent extremism is spreading at an alarming rate and making inroads into disaffected populations in Europe and elsewhere. That seems to continue to grow. All of this leads to some tough necessary questions for our witnesses.

Why has al-Qa'ida been allowed to reconstitute a terrorist sanctuary along the Afghanistan-Pakistan border from which to threaten the stability of the region and plot against the United States? How is the threat posed by this al-Qa'ida safe haven different from the one that al-Qa'ida benefited from prior to 9/11?

How have the terrorist threats facing the governments in Kabul and Islamabad changed in the past year? And how willing and ca-

pable are those governments to go after al-Qa'ida within their own borders?

Are the United States and its allies losing the war of ideas to the virulent message of the terrorists? Does the continued existence and operation of a separate CIA system for terrorists employing secret interrogation techniques undermine our moral standing and the willingness of other countries to cooperate with us?

Is our continued military presence in Iraq generating more terrorists and more Islamic radicals around the world than we are capturing or that we are killing?

Since last year's worldwide threat review, another 1,000 American service members have been killed in Iraq, not to speak of those who have been wounded externally and internally. Polls consistently show that a large number of Iraqis oppose the presence of coalition forces. That doesn't seem to deter us.

The Committee has ongoing scrutiny of intelligence on Iraq, and that will continue, mostly in classified session, but the public needs to know whether intelligence experts perceive that Iraq is moving toward the kind of political reconciliation that was the objective of the U.S. surge in the first place and of the whole effort in the first place. Is it happening?

Going beyond the war and terrorist threats of today, the Committee is particularly concerned about the proliferation of nuclear weapons technology and the threat posed to our security by those who possess them and those who may possess them in the future.

I'm particularly concerned about the security and safeguarding of weapons and fissile material in Russia and states of the former Soviet Union. This is something I have expressed concern about for several years, and many of us have, and something our Government must address but is not putting up the money to address.

But potential threats to our homelands are not just about Al-Qa'ida and nuclear proliferation. Threats can come in unfamiliar ways. And because our society is very complex, we are vulnerable to threats that we may not fully appreciate. In this regard, I'm very concerned about the potential of cyberattacks—they have already been executed—and our ability to protect our critical infrastructure. This is something that we have discussed before. Cybersecurity is a growing subject of importance that will be addressed by the Committee in detail, intensely, in the coming weeks.

Climate change also poses a long-term threat to us in ways that we are only beginning to understand. More attention needs to be paid to it. I'm extremely gratified that the intelligence community is grappling seriously with the issue. We eagerly await the National Intelligence Council's assessment of the national security impact of climate change due out this spring.

Before introducing the witnesses who are sitting in front of us, I want to pay tribute to a large number of anonymous heroes who are risking their lives abroad or working long hours in headquarters to collect the intelligence and provide the analysis on which your testimony today is based.

We are privileged in this Committee of seeing what most of the public does not. We are constantly impressed with the dedication and the professionalism of the intelligence officials that we encounter. Americans can be proud of the men and women of the U.S. in-

telligence community. Indeed, our occasional and, I hope, constructive criticisms are a measure of the high standards that we routinely expect.

Now, let me introduce the distinguished witnesses before us today, and then I will turn to the distinguished Vice Chairman. And they will speak in this order, please.

Admiral Michael McConnell, Director of National Intelligence; General Mike Hayden, Director of the Central Intelligence Agency; Mr. Randall Fort, Assistant Secretary of State for Intelligence and Research; Mr. Robert Mueller, Director of the Federal Bureau of Investigation; and Lieutenant General Michael Maples, Director of the Defense Intelligence Agency.

It's worth nothing that Director McConnell's remarks have been coordinated with his intelligence colleagues, who will nonetheless have a chance to offer their own comments after his statement. I believe that this procedure and format is not only symbolically important, it gives real meaning to the structural reforms that were instituted under the 2004 Intelligence Reform Act. We now have a DNI who authentically represents and oversees the 16 intelligence agencies but who does so without suppressing their individual perspectives or eliminating their necessary independence.

I now turn to Vice Chairman Bond.

OPENING STATEMENT OF HON. CHRISTOPHER S. BOND, VICE CHAIRMAN, A U.S. SENATOR FROM MISSOURI

Vice Chairman BOND. Thank you very much, Mr. Chairman. I appreciate your holding this hearing. As always, it's a very sobering reminder to all of us in public of the kinds of threats our Nation faces and our men and women abroad, military and civilian, face.

We need to know about this. Obviously, we discuss much of it in the classified hearings, but this gives us an opportunity to lay out what you see as the challenges.

Lots has changed since last year's worldwide threat hearing. Everybody was saying that the situation in Iraq was grave and we were looking at failure. Now, a year after the surge—and, most importantly, General Petraeus's leadership in adopting a counter-insurgency strategy to clear, hold and build—we're seeing marked changes. And American military men and women are coming home, returning on success, which is, I believe, the right way for them to return. We're not out of the woods yet. We're continuing to train and equip the military and security forces.

Our goal must be to establish a reasonably secure and stable Iraq from which the Iraqis can develop their own system of government. That stability and security is necessary to prevent them from falling into chaos, genocide, potentially region-wide civil war, and giving a real safe haven to al-Qa'ida, which they do not have, in the mountain caves where they must reside now.

I think it's fitting to remember that David Kay and his Iraqi Study Group said, after they went in and examined some of the intelligence failures, that Iraq was a far more dangerous place even than we knew, because of the terrorists running wild, the chaos in that country, and the ability to provide weapons of mass destruction.

We do realize that we must maintain that commitment there, but we are concerned about the situation in Afghanistan. The security situation has deteriorated, and we are adding 3,000 additional Marines. It would be very helpful if our NATO allies lived up to their commitments. The failure of the NATO allies to do their jobs or to send over troops who can't go in harm's way, well, that's nice. The business of sending troops is to send them into dangerous places to pacify them.

Decades of civil war and other war have devastated Afghanistan, but it appears—and I'm looking forward to hearing your view—that Afghanistan has passed the tipping point, where the Taliban and their terrorist allies are not going to take the country back. They will continue to kill, maim and destroy.

But we can't afford to ignore situations in other parts of the world, and I will look forward to hearing about national threats—North Korea, Iran, Syria, Venezuela, the Chinese military power, instability in Africa.

I want to emphasize one item that the Chairman said, that we need to look at how we're winning the hearts and minds, something I believe is very important, something that should be done primarily by the State Department, by other agencies of Government.

But I commend the U.S. Army, which has done an excellent job in showing how clear, hold and build works in the Mindanao, southern Philippines region. I'm proud to say that a Missouri National Guard unit is deploying to Afghanistan with agricultural specialists to bring modern agricultural techniques. These are the kinds of things that we must be doing to help those countries which are on the verge of either opting for democracy, human rights, and free markets, or going the terrorist route.

Congressional oversight, obviously, is our part of the job. We have reviewed the failures before 9/11. And I would say that we have made tremendous progress.

I believe, Mr. Chairman, that this distinguished group of leaders that we have before us today is the finest working team that the intelligence community or any intelligence community has had. Now we just need to make sure that everybody is playing on the team.

I was not a supporter of the intelligence reform, because while I thought it was a good idea, I thought we gave the DNI all kinds of responsibility and too little authority. But the Director has shown positive leadership, management and oversight. And next week we look forward to receiving a report from him on a list of legislative recommendations for intelligence reform, particularly how we can ensure in statute that the working relationships that have been developed, because of the great cooperation among the people at this table and your top leaders in your agency, have been able to achieve.

Another area of congressional oversight, obviously, is the FISA amendments, which are on the floor. And the Chairman and I are delighted to be able to take a few hours off and talk with you. We believe that the bipartisan bill that the Senate Intelligence Committee passed with the two changes, which we have worked out with your experts, is the best way to go.

Another important reform issue is something I've been very much concerned on, and that's the leaking of intelligence. Our most sensitive means of collection appear in the papers. I believe General Hayden said in confirmation hearings in 2006, when I asked him about the collection of intelligence, I think he said, "It's almost Darwinian. The more we put out there, the more we're going to kill and capture only the dumb terrorists." And that is a frightening thing.

Obviously, a strong free press is an important safeguard. We must, however, deal with those Government officials who, for their own personal ends, either profit or notoriety, leak information. The irresponsible officials have provided far too much sensitive, classified information. And I think, as we see more and more of them in orange jumpsuits, there will be a much greater disincentive to share that information.

Obviously, the journalists will have to make up their minds as what they want to cover. But I would just urge my friends and colleagues in the fourth estate, if an irresponsible bureaucrat somewhere in the operation tells you the intelligence community has detected an event in country X, and it tells you how the community detected the event, and you feel you must print the story, consider leaving the details of the "how" out. That's really interesting only to a very select few, but primarily the terrorists and those who need to know how we get our information, not as much as "what."

Finally, on analysis, I believe we have to take a continued look at the analytical process. I think we have a long ways to go, as I've indicated. I thought the Iran NIE was very disappointing, not because of what it said, not because of the fact that significant new information had been discovered, but how it was said and how it was used for public release. I don't believe that NIEs should be used as political footballs, which they've become. I think they should be confidential assessments for policymakers in the intelligence community, the military, the executive branch, and Congress.

The main news in the NIE was the confirmation that Iran had a nuclear weapons program, not that it had halted it temporarily, for all we know, in 2003, and other sources say they question that, and some believe they've restarted it. But the NIE offered no confidence in any intelligence on that, besides stating with moderate confidence that it had not restarted last summer. The French defense minister said publicly that he believes the program has restarted.

Now, if our Government comes to that assessment, then we have set ourselves up to release another NIE or leak intelligence, because this last one has given a false sense of security. Once we start announcing the NIEs, we may have to change them if the situation changes. I think that, to put it in summary, the NIE, as released, put the emphasis on the wrong syllable. It should have stated that this was a confirmation. We have information that one aspect—one aspect—the weaponization programs, were shut down, but the long pole in the tent, the nuclear enrichment, had not.

So that's my humble suggestion, that the next NIE be reviewed to see what is really important for the broader intelligence community efforts.

We will do everything we can in Congress to help the intelligence community get the information and the support you need, and the resources, and we look forward to being able to work in a nonpartisan manner. And we continue to expect that the community fulfill its responsibility when it provides us intelligence in a nonpolitical manner.

I look forward to hearing from our witnesses. They are, as I said, Mr. Chairman, some of the best minds in the business.

Chairman ROCKEFELLER. They are, indeed.

And they will start with Director McConnell for 20 minutes.

STATEMENT OF ADMIRAL J. MICHAEL McCONNELL, USN (RET.), DIRECTOR OF NATIONAL INTELLIGENCE

Director MCCONNELL. Thank you, Mr. Chairman, Vice Chairman Bond, members of the Committee. Thank you for the opportunity to address threats to the national security. I have submitted longer, classified and unclassified statements for the record that will go into more detail than I can cover in the time allotted here.

Before I address specific threats, I want to address an issue just raised by Senator Bond. It's an issue of importance to the community in providing warning and protection to the Nation. In doing so, I want to thank you, Chairman Rockefeller and Ranking Member Bond, and the entire membership of the Committee, for the leadership and hard work over many months—and I would emphasize over many months—in drafting and passing draft legislation that governs and enables this community.

Your bill, draft bill, provides the needed updates to the Foreign Intelligence Surveillance Act. We refer to it, of course, as FISA. The authorities granted by the amendments to FISA, the Protect America Act, which temporarily closed some gaps in our ability to conduct foreign intelligence, are critical to our intelligence efforts to protect the Nation from current threats.

Briefly, some of the most important benefits from the bill that was signed last August include: better understanding of international al-Qa'ida networks; more extensive knowledge of individual networks, including personalities and planning for suicide bombers; and, most importantly, greater insight into terrorist planning that has allowed us to disrupt attacks that intended to target U.S. interests.

Expiration of the Act would lead to the loss of important tools the intelligence community relies on to discover the plans of those who wish us harm, in fact, those that have sworn to inflict mass casualties, greater than 9/11, on the country.

As reflected in your draft legislation in the conference report, merely extending the Protect America Act without addressing retroactive liability protection for the private sector will have far-reaching consequences for our community. Lack of liability protection would make it much more difficult to obtain the future cooperation of the private-sector partners whose help is so vital to our success.

Over the past several weeks, proposals to modify your draft bill have been discussed. At the request of Members, the Attorney General and I have submitted a detailed letter that addresses each of those issues, and it will be delivered to you this morning. I would

ask Members to consider the impacts of such proposals on our ability to warn of threats to the homeland security and on our interests abroad.

As my testimony will describe, the threats we face are global, complex and dangerous. We must have the tools to enable the detection and disruption of not only terrorist plots, but other threats to the country.

In turning to the threats facing the country today, let me say that the judgments that I will offer are based on the efforts of thousands of patriotic, highly skilled professionals, many of whom serve in harm's way. Mr. Chairman and Mr. Vice Chairman, I appreciate your comments about the personnel in our community and their professionalism.

It is my sincere hope that all of the Congress and the American people will see these men and women as the skilled professionals that they are, with the highest respect for our laws and our values, and dedicated to serving the Nation with courage, to seek and speak the truth in the best interests of the Nation.

Let me start by highlighting a few of the top counterterrorism successes in the past year. There were no major attacks against the United States, nor against most of our European, Latin American, and East Asian allies in all of 2007. And that was no accident.

In concert with Federal, State and law enforcement officials, our community helped disrupt cells plotting violent acts. For example, last summer, we and our allies unraveled terrorist plots linked to al-Qa'ida and its associates in both Denmark and Germany. We were successful because we were able to identify the key personalities involved in the planning. We worked with our European partners to monitor the plotters and to disrupt their activities, one of which was to be an attack on a U.S. facility.

Most recently, European authorities arrested terrorists planning suicide attacks in Spain. The attacks were planned for Spain, France, U.K., and other European nations.

In addition, our partners throughout the Middle East and elsewhere continued to aggressively attack terrorist networks recruiting, training and planning to strike American interests.

Al-Qa'ida in Iraq—or as we slip into in our acronyms, AQI—suffered major setbacks last year. Hundreds of AQI leadership, operational, media, financial, logistical, weapons, and foreign fighter facilitator cadre have been neutralized. In addition, the brutal attacks unleashed by AQI and other al-Qa'ida affiliates against Muslim civilians have tarnished al-Qa'ida's self-styled image as the extremist vanguard.

Nonetheless, al-Qa'ida remains the preeminent terror threat against the United States, both here at home and abroad. Despite our successes over the years, the group has retained or regenerated key elements of its capability, including its top leadership, operational lieutenants, and a de facto safe haven, as was mentioned by the Chairman, in the Pakistani border area with Afghanistan known as the Federally Administered Tribal Areas, or FATA.

Pakistani authorities who are our partners in this fight—with the Pakistanis, we have been able to neutralize or capture more of the terrorists than with any other partner. They increasingly are determined to strengthen their counterterrorism performance, even

during a period of heightened domestic political tension exacerbated by the assassination of Benazir Bhutto and other suicide bombings.

At least 865 Pakistani security forces and officials were killed by suicide bombs and improvised explosive devices in 2007, over 865. In addition, almost 500 security forces and civilians were killed in armed clashes, for a total of over 1,300 killed in 2007 in Pakistan. Total Pakistani casualties in 2007, including the number of injured security forces and civilians, exceeded the cumulative total of all the years between 2001 and 2006.

Al-Qa'ida's affiliates also pose a significant threat. As noted, al-Qa'ida in Iraq remains al-Qa'ida's central, most capable affiliate. We are increasingly concerned that, even as coalition forces inflict significant damage on al-Qa'ida inside Iraq, they may deploy resources to mount attacks outside that country.

Al-Qa'ida's North Africa affiliate, known as al-Qa'ida in the Lands of Islamic Maghreb, that group is active in North Africa and is extending its target set to include U.S. and Western interests. Other al-Qa'ida regional affiliates in the Levant, the Gulf, Africa and Southeast Asia maintained a lower profile in 2007, but remain capable of conducting strikes against American interests.

Homegrown extremists, inspired by militant Islamic ideology, but without operational direction from al-Qa'ida, are on an evolving course for danger inside the United States. Disrupted plotting last year here at home illustrates the nature of the threat inside the country. In addition, our allies continue to uncover new extremist networks inside Europe for their version of the homegrown threat.

The ongoing efforts of nation states and terrorists to develop and acquire dangerous weapons and the ability to deliver those weapons constitute the second major threat to our safety. After conducting missile tests and its first nuclear detonation in 2006, North Korea returned to the negotiating table last year.

Pyongyang has reaffirmed its September 2000 commitment to full denuclearization. They've shut down their nuclear facilities in Yongbyon, and they are in the process of disabling those facilities. But North Korea missed the 31 December deadline for a full declaration of its nuclear programs.

While Pyongyang denies a program for uranium enrichment, and they deny their proliferation activities, we believe North Korea continues to engage in both. We remain uncertain about Kim Jong Il's commitment to full denuclearization, as he promised in the six-party agreement.

I want to be very clear in addressing Iran's nuclear capability. First, there are three parts to an effective nuclear weapons capability. First is the production of fissile material. Second, effective means for weapons delivery, such as ballistic missile systems. And third is the design and weaponization of the warhead itself.

We assess in our recent National Intelligence Estimate that warhead design and weaponization work was halted, along with a covert military effort to produce fissile material. However, Iran's declared uranium enrichment efforts that will enable the production of fissile material continues. Production of fissile material is the most difficult challenge in the nuclear weapons production cycle.

Also, as in the past, Iran continues its effort to perfect ballistic missiles that can reach both North Africa and Europe.

Therefore, we remain concerned about Iran as a potential nuclear weapons threat. The earliest possible date Iran could technically be capable of producing enough fissile material for a weapon is late 2009, but we judge that to be unlikely.

As our Estimate makes clear, Tehran halted their nuclear weapons design-related activities in response to international pressure, but is keeping open the option to develop nuclear weapons. If Iran's nuclear weapons design program has already been reactivated or will be reactivated, it will be a closely guarded secret, in an attempt to keep us from being aware of its true status. The Iranians until this point have never admitted the secret nuclear weapons design program which was halted in 2003.

Iran also remains a threat to regional stability and to U.S. interests throughout the Middle East. This is because of its continued support for violent groups such as Hamas and Hezbollah and its efforts to undercut pro-Western actors, such as those in Lebanon. Iran is pursuing a policy intending to raise the political, economic and human costs of any arrangement that would allow the United States to maintain presence and influence in that region.

Mr. Chairman, you mentioned the cyber threat. I would just like to make a few comments and then, as you noted, we'll have a hearing on that specific subject later.

The U.S. information technology infrastructure, which includes telecommunications, computer networks and systems, and the data that reside on those systems is critical to virtually every aspect of our modern life. Threats to our IT infrastructure are an important focus for this community.

We assess that nations, including Russia and China, have long had the technical capabilities to target U.S. information systems for intelligence collection. Think of that as passive. The worrisome part is, today, they also could target information infrastructure systems for degradation or destruction.

At the President's direction in May of last year, an interagency group was convened to review the threat to the United States and identify options. This tasking was fulfilled with the issuance of a Presidential directive earlier this year. We will have more to say about that in a hearing later in the week or questions, if you ask later today.

Turning to Iraq, the security situation in Iraq continues to show signs of improvement. Security incidents country-wide have declined significantly, in fact, to their lowest levels since February 2006, which followed the Samarra Golden Mosque bombing. Monthly casualty fatalities nationwide have fallen by over half in the past year.

Despite these gains, however, a number of internal factors continue to undermine Iraq's security. Sectarian distrust is still strong throughout Iraqi society. AQI remains capable of conducting destabilizing operations and spectacular attacks, as we have seen recently, despite the disruptions to their network.

Intracommunal violence in southern Iraq has spread beyond mere clashes between rival militia factions. And while improving significantly over the past year, the ability of the Iraqi security

force to conduct effective, independent operations, independent of coalition forces, remains limited in the present timeframe.

Bridging differences between competing communities and providing effective governance are critical to achieving a successful state. While slow, progress is being made, and we have seen some economic gains and some quality of life improvements for Iraqis. But improvements in security, governance and the economy are not ends in themselves; rather, they are means for restoring Iraqi confidence in a central government that works and easing the sectarian distrust.

Afghanistan. In 2007, the number of attacks in Afghanistan's Taliban-dominated insurgency exceeded the previous year, in part because the coalition and Afghan forces undertook many more offensive operations, stimulating that contact. Efforts to improve governance and extend development were hampered by the lack of security in some areas and limitation of the Afghan Government's capacity to do so.

Ultimately, defeating the insurgency will depend upon the government's ability to improve security, deliver effective governmental services, and expand development for economic opportunity.

The drug trade is one of Afghanistan's greatest long-term challenges. The insidious effects of drug-related criminality continue to undercut the government's ability to assert its authority, develop a strong rule-of-law-based system, and to build the economy. The Taliban and other insurgent groups, which operate in the poppy-growing regions, gain at least in part some financial support for their ties to the local opium traffickers.

Turning to the Levant around the Mediterranean, the regime in Damascus seeks to undermine Lebanon's security by using proxies and harboring and supporting terrorists, to include Hezbollah. Syria also remains opposed to progress in the Middle East peace talks. Since the assassination in 2005 of Rafik Hariri, eight additional Lebanese leaders or officials have been killed in an effort to intimidate the 14 March coalition and alter the political balance in the Lebanese legislature.

In the Palestinian Territories, the schism between Abbas and Hamas escalated after Hamas seized control of the Gaza last summer. Although feeling increased pressure over the weakening situation in the economy and an accelerating humanitarian crisis, Hamas remains in charge of the Gaza Strip.

In the West Bank, we see signs of progress by Fatah, including renewed security and law enforcement cooperation with Israeli forces in taking more effective action against Hamas.

Turning now to Russian and Chinese military modernization, increases in defense spending have enabled the Russian military to begin to reverse the deep deterioration in its capabilities that began before the collapse of the Soviet Union. The military still faces significant challenges, however, challenges such as demographic trends and health problems. In addition, conscription deferments erode available manpower. And Russia's defense industry suffers from the loss of skilled personnel.

China's military modernization is shaped, in part, by the perception that a competent, modern military force is an essential element of great power status. Improving Chinese theater-range bal-

listic missile capabilities and cruise missile capabilities will put U.S. forces at greater risk from conventional weapons. In addition, the regime seeks to modernize China's strategic nuclear forces to address concerns about the survivability of those systems.

If present trends continue, the global development of counterspace capabilities continues. Russia and China will have an increasing ability to target U.S. military and intelligence satellites and command and control systems in the future.

Turning now to Venezuela and Cuba, the referendum on constitutional reform in Venezuela last December was a stunning setback for President Chavez and it may slow his movement toward authoritarian rule. The referendum's outcome has given a psychological boost to Chavez's opponents.

However, high oil prices probably will enable Chavez to retain the support of his constituents, allow him to continue co-opting the economic elite, and stave off the consequences of his financial mismanagement. Without question, the policies being pursued by President Chavez have Venezuela on a path to ruin their economy.

The determination of Cuban leadership to ignore outside pressure for reform is reinforced by the more than $1 billion net annual subsidy that Cuba receives from Venezuela. We assess the political situation in Cuba probably will remain stable during at least the initial months following Fidel Castro's death. Policy missteps or the mishandling of a crisis by the leadership could lead to political instability, raising the risk of mass migration.

Persistent insecurity in Nigeria's oil-producing region, the Niger Delta, threatens U.S. strategic interests in sub-Saharan Africa. The president of that country has pledged to resolve the crisis in the delta but faces many, many challenges that would make progress difficult.

Ongoing instability and conflict in other parts of Africa are significant threats to U.S. interests because of their high humanitarian and peacekeeping costs, the drag on democratic and economic development, and their potential to get much, much worse.

Violence in Kenya, after a close election marred by irregularities, represents a major setback in one of Africa's most prosperous and democratic countries.

The crisis in Sudan's Darfur region shows few signs of resolution, even if the planned U.N. peacekeeping force of 26,000 is fully deployed.

The Ethiopian-backed transitional Federal Government in Somalia is facing serious attacks by opposition groups and extremists. It probably would flee Mogadishu or it would collapse if the Ethiopians were to withdraw.

Tensions between the longtime enemies Ethiopia and Eritrea have also increased over the past year. Both sides are now preparing for war.

In conclusion, the issues that I've touched on, merely touched on, covered much—and in my statement for the record, they are covered in much more detail. They confront us on many, many fronts.

The intelligence community is fully committed to arming policymakers, to include this body, our war fighters and our law enforcement officials with the best intelligence and analytic insight that we can provide. This is necessary to help you all make the deci-

sions and take the actions that will protect American lives and American interests both at home and abroad.

That completes my prepared statement, Mr. Chairman. I look forward to your questions.

[The prepared statement of Director McConnell follows:]

Annual Threat Assessment of the Director of National Intelligence

for the Senate Select Committee on Intelligence

5 February 2008

J. Michael McConnell

Director of National Intelligence

February 5, 2008

SENATE SELECT COMMITTTEE ON INTELLIGENCE FEBRUARY 2008 –DNI ANNUAL THREAT ASSESSMENT

UNCLASSIFIED
STATEMENT FOR THE RECORD

INTRODUCTION

Chairman Rockefeller, Vice-Chairman Bond, Members of the Committee, thank you for the invitation to offer my assessment of threats to US national security.

I am pleased to be accompanied today by General Michael Hayden, Director of CIA, General Michael Maples, Director of DIA, Mr. Robert Mueller, Director of the FBI, and Mr. Randall Fort, Assistant Secretary of State for Intelligence and Research. In addition to this unclassified Statement for the Record, I will submit a classified Statement and make an oral presentation to the Committee.

Before I talk about specific threats, I want to raise an issue of immediate importance for the functioning of the Intelligence Community and protection of the nation. The authorities granted by the Protect America Act (PAA)—which temporarily closed gaps in our intelligence collection and allowed the Intelligence Community to conduct foreign intelligence surveillance—are critical to our intelligence efforts to protect the Nation from current threats. Briefly, some of the most important benefits include:

- Better understanding of international al-Qa'ida networks;
- Greater insight into future terrorist plans that have allowed us to disrupt attacks;
- More extensive knowledge of instructions to foreign terrorist associate about entering the United States
- Information on efforts to obtain guns and ammunition
- Knowledge on terrorist money transfers.

Expiration of the Act would lead to the loss of important tools the Intelligence Community relies on to discover the plans of our enemies. As reflected in your Committee report, merely extending the PAA without addressing retroactive liability protection for the private sector will likely have far reaching consequences for the Intelligence Community. At the request of members of Congress, I have provided letters discussing these matters in greater depth.

I know that this bill required intense, sustained hard work of the Committee's Members and staff in a very technical and complex area to ensure a product that reflected member concerns raised about the Protect America Act, but preserved key operational needs of speed and agility in tracking hard to find enemies intent on harming our country. Over the past several weeks, proposals to modify the Senate Intelligence Committee bill have been discussed and I would ask Members to consider the impacts of such proposals on our Nation's Intelligence Community and its ability to warn leaders of threats to our Homeland and our interests. As my testimony will describe, the threats we face are global, complex, and dangerous; we must have the tools to enable the detection and disruption of terrorist plots and other threats.

For almost two years, senior leaders of the IC have testified in both open and closed hearings about the critical role of private parties in ensuring our citizens are safe, and the need to provide liability protection to those who provided assistance after the attacks of September 11. If we are not able to address this issue, I believe it will severely degrade the capabilities of our Intelligence Community to carry out its core missions of providing warning and protecting the country.

In turning to the threats, the judgments that I will offer the Committee in these documents and in my responses to your questions are based on the efforts of thousands of patriotic, highly skilled professionals, many of whom serve in harm's way. I am proud to lead the world's best Intelligence Community and pleased to report that it is even better than it was last year as a result of the continuing implementation of reforms required by the Intelligence Reform and Terrorism Prevention Act of 2004. This Statement is, in part, a product of our moving forward with the transformation of US intelligence, including more innovative and rigorous analysis and wider and more far-reaching collaboration.

You will see from the testimony that many of the key topics I touch on are not traditional "national security" topics. Globalization has broadened the number of threats and challenges facing the United States. For example, as government, private sector, and personal activities continue to move to networked operations and our digital systems add ever more capabilities, our vulnerability to penetration and other hostile cyber actions grows. The nation, as I indicated last year, requires more from our Intelligence Community than ever before and consequently we need to do our business better, both internally, through greater collaboration across disciplines and externally, by engaging more of the expertise available outside the Intelligence Community.

Many of the analytic judgments I present here have benefited from the increasing integration of collection and analysis. Our systematic effort to synchronize requirements across the national intelligence, defense, Homeland security and federal law enforcement communities ensures collection assets will be better utilized and the collection community will be able to mount efforts to fill the gaps and needs of analysts. This more integrated Community approach to analysis and collection

requirements is part of my plan to transition the IC from a federation of independent intelligence organization to a more integrated enterprise; the beginning results of this new approach are reflected in the more nuanced and deeper analysis of the challenges and threats facing the US.

Against this backdrop, I will focus my statement on the following issues:

- The continuing global terrorist threat, but also the setbacks the violent extremist networks are experiencing;
- The significant gains in Iraqi security since this time last year and the developing political and economic improvements;
- The continuing challenges facing us in Afghanistan and in Pakistan, where many of our most important interests intersect;
- The persistent threat of WMD-related proliferation:
    - Despite halting progress towards denuclearization, North Korea continues to maintain nuclear weapons;
    - Despite the halt through at least mid-2007 to Iran's nuclear weapons design and covert uranium conversion and enrichment-related work, Iran continues to pursue fissile material and nuclear-capable missile delivery systems.
- The vulnerabilities of the US information infrastructure to increasing cyber attacks by foreign governments, nonstate actors and criminal elements;
- The growing foreign interest in counterspace programs that could threaten critical US military and intelligence capabilities;
- Issues of political stability and of national and regional conflict in Europe, the Horn of Africa, the Middle East, and Eurasia;
- Growing humanitarian concerns stemming from the rise in food and energy prices for poorer states;

- Concerns about the financial capabilities of Russia, China, and OPEC countries and the potential use of their market access to exert financial leverage to achieve political ends.

TERRORISM

Let me start by highlighting a few of our top successes in the past year. Most importantly, there was no major attack against the United States or most of our European, Latin American, East Asia allies and partners. This was no accident.

Last summer, for example, with our allies, we unraveled terrorist plots linked to al-Qa'ida and its associates in Denmark and Germany. We were successful because we were able to identify key plotters. We worked with our European partners to monitor the plotters and disrupt their activities. In addition, our partners throughout the Middle East and elsewhere continued to attack aggressively terrorist networks recruiting, training, and planning to strike American interests. The death last week of Abu Layth al-Libi, al-Qa'ida's charismatic senior military commander and a key link between al-Qa'ida and its affiliates in North Africa, is the most serious blow to the group's top leadership since the December 2005 death of then external operations chief Hamza Rabi'a.

Al-Qa'ida in Iraq (AQI) suffered major setbacks last year, although it still is capable of mounting lethal attacks. Hundreds of AQI leadership, operational, media, financial, logistical, weapons, and foreign fighter facilitator cadre have been killed or captured. With much of the Sunni population turning against AQI, its maneuver room and ability to operate have been severely constrained. AQI's attack tempo, as measured by numbers of suicide attacks, had dropped by more than half by year's end after approaching all time highs in early 2007. We see indications that al-Qa'ida's global image is beginning to lose some of its luster; nonetheless, we still face multifaceted terrorist threats.

AL-QA'IDA

Al-Qa'ida and its terrorist affiliates continue to pose significant threats to the United States at home and abroad, and al-Qa'ida's central leadership based in the border area of Pakistan is its most dangerous component. Last July, we published a National Intelligence Estimate titled, "*The Terrorist Threat to the US Homeland*," which assessed that al-Qa'ida's central leadership in the past two years has been able to

regenerate the core operational capabilities needed to conduct attacks in the Homeland:

- Al-Qa'ida has been able to retain a safehaven in Pakistan's Federally Administered Tribal Areas (FATA) that provides the organization many of the advantages it once derived from its base across the border in Afghanistan, albeit on a smaller and less secure scale. The FATA serves as a staging area for al-Qa'ida's attacks in support of the Taliban in Afghanistan as well as a location for training new terrorist operatives, for attacks in Pakistan, the Middle East, Africa, Europe and the United States.

- Using the sanctuary in the border area of Pakistan, al-Qa'ida has been able to maintain a cadre of skilled lieutenants capable of directing the organization's operations around the world. It has lost many of its senior operational planners over the years, but the group's adaptable decisionmaking process and bench of skilled operatives have enabled it to identify effective replacements.

- Al-Qa'ida's top leaders Usama Bin Ladin and Ayman al-Zawahiri continue to be able to maintain al-Qa'ida's unity and its focus on their strategic vision of confronting our allies and us with mass casualty attacks around the globe. Although security concerns preclude them from the day-to-day running of the organization, Bin Ladin and Zawahiri regularly pass inspirational messages and specific operational guidance to their followers through public statements.

- Al-Qa'ida is improving the last key aspect of its ability to attack the US: the identification, training, and positioning of operatives for an attack in the Homeland. While increased security measures at home and abroad have caused al-Qa'ida to view the West, especially the US, as a harder target, we have seen an influx of new Western recruits into the tribal areas since mid-2006.

We assess that al-Qa'ida's Homeland plotting is likely to continue to focus on prominent political, economic, and infrastructure targets designed to produce mass casualties, visually dramatic destruction, significant economic aftershocks, and/or fear among the population.

CBRN THREAT FROM AL-QA'IDA

We judge use of a conventional explosive to be the most probable al-Qa'ida attack scenario because the group is proficient with conventional small arms and improvised explosive devices and is innovative in creating capabilities and overcoming security obstacles. That said, al-Qa'ida and other terrorist groups are attempting to acquire chemical, biological, radiological, and nuclear weapons and materials (CBRN). We assess al-Qa'ida will continue to try to acquire and employ these weapons and materials; some chemical and radiological materials and crude weapons designs are easily accessible, in our judgment.

AL-QA'IDA AFFILIATES

Al-Qa'ida's affiliates from Africa to Southeast Asia also pose a significant terrorist threat. I will discuss the success we are having against al-Qa'ida in Iraq (AQI) as part of the larger discussion of the Intelligence Community's analysis of the Iraq situation, but here I would like to highlight that AQI remains al-Qa'ida's most visible and capable affiliate. I am increasingly concerned that as we inflict significant damage on al-Qa'ida in Iraq, it may shift resources to mounting more attacks outside of Iraq.

Although the ongoing conflict in Iraq will likely absorb most of AQI's resources over the next year, AQI has leveraged its broad external networks—including some reaching into Europe—in support of external operations. It probably will continue to devote some effort towards honoring Bin Ladin's request in 2005 that AQI attempt to strike the United States, affirmed publicly by current AQI leader Abu Ayyub al-Masri in a November 2006 threat against the White House.

- AQI tactics, tradecraft, and techniques are transmitted on the Internet, but AQI documents captured in Iraq suggest that fewer than 100 AQI terrorists have moved from Iraq to establish cells in other countries.

AQIM. Al-Qa'ida's other robust affiliate, al-Qa'ida in the Lands of the Islamic Maghreb (AQIM), is the most active terrorist group in northwestern Africa. We assess it represents a significant threat to US and European interests in the region. AQIM has continued to focus primarily on Algerian Government targets, but since its merger with al-Qa'ida in September 2006, the group has expanded its target set to include US, UN, and other interests. AQIM likely got a further boost when the al-Qa'ida central leadership announced last November

that the Libyan Islamic Fighting Group united with al-Qa'ida under AQIM's leadership. Two simultaneous suicide car bomb attacks in Algiers in December killed nearly 70 people and marked AQIM's highest profile act of violence to date. Improvements in AQIM's use of improvised explosive devices (IEDs) suggest the group is acquiring knowledge transmitted from extremists in Iraq.

AQIM traditionally has operated in Algeria and northern Mali and has recruited and trained an unknown, but probably small, number of extremists from Tunisia, Morocco, Nigeria, Mauritania, Libya, and other countries. Although the degree of control that AQIM maintains over former trainees is unclear, the IC assesses some of these trainees may have returned to their home countries to plot attacks against local and Western interests.

Other Affiliates Worldwide. Other al-Qa'ida regional affiliates kept a lower profile in 2007, but we judge that they remain capable of conducting attacks against US interests. Al-Qa'ida is active on the Arabian Peninsula and presents a long-term threat to both Western and host nation interests there, particularly in Saudi Arabia, UAE, and Yemen. In 2007, Saudi authorities detained over 400 extremists, highlighting both the threat and the Kingdom's commitment to combating it. We judge al-Qa'ida will continue to attempt attacks in the Arabian Peninsula, particularly in Saudi Arabia, Yemen, United Arab Emirates, and Bahrain.

The Intelligence Community (IC) assesses al-Qa'ida-associated groups and networks in **Lebanon** pose a growing threat to Western interests in the Levant. In **East Africa**, the Ethiopian invasion of Somalia disrupted al-Qa'ida in East Africa (AQEA) operations and activities, but senior AQEA operatives responsible for the 1998 US Embassy bombings and the 2002 attacks in Mombassa, Kenya, remain at large. The IC assesses Jemaah Islamiya (JI) in Indonesia and the Abu Sayyaf Group (ASG) in the Philippines—which have historic links to al-Qa'ida and have killed over 400 people—are the two terrorist groups posing the greatest threat to US interests in **Southeast Asia**. The IC assesses that **Pakistan-based** Lashkar-e-Tayyiba (LT) and other Kashmir-focused groups will continue attack planning and execution in India. Shia and Hindu religious observances are possible targets, as are transportation networks and government buildings. We judge Kashmir-focused groups

will continue to support the attacks in Afghanistan, and operatives trained by the groups will continue to feature in al-Qa'ida transnational attack planning.

BUT AL-QA'IDA'S REPUTATION IS DIMMING

The brutal attacks against Muslim civilians unleashed by AQI and AQIM and the conflicting demands of the various extremist agendas are tarnishing al-Qa'ida's self-styled image as the extremist vanguard. Over the past year, a number of religious leaders and fellow extremists who once had significant influence with al-Qa'ida have publicly criticized it and its affiliates for the use of violent tactics.

- Usama Bin Ladin's public statement about Iraq in October—in which he admitted that AQI made mistakes and urged it to reconcile with other Iraqi insurgent groups—provoked controversy on extremist Internet discussion forums. Likewise, deputy al-Qa'ida chief Ayman al-Zawahiri has been criticized by supporters for perceived contradictions in his public statements about HAMAS and softness toward Iran and the Shia.

THE "HOMEGROWN" THREAT

Over the next year, attacks by "homegrown" extremists inspired by militant Islamic ideology but without operational direction from al-Qa'ida will remain a threat to the United States or against US interests overseas. The spread of radical Salafi Internet sites that provide religious justification for attacks, increasingly aggressive and violent anti-Western rhetoric and actions by local groups, and the growing number of radical, self-generating cells in Western countries that identify with violent Salafi objectives, all suggest growth of a radical and violent segment among the West's Muslim populations. Our European allies regularly tell us that they are uncovering new extremist networks in their countries.

While the threat from such homegrown extremists is greater in Europe, the US is not immune. The threat here is likely to be fueled in part by propaganda and mischaracterizations of US foreign policy as harmful to Muslims, rather than by any formal assistance from al-Qa'ida or other recognized groups. The al-Qa'ida-propagated narrative of an "us versus them" struggle serves both as a platform and a potential catalyst for radicalization of Muslims alienated from the mainstream US population.

A small, but growing portion of al-Qa'ida propaganda, is in

English and is distributed to an American audience—either in translated form or directly by English-speaking al-Qa'ida members like Adam Gadahn, the American member of al-Qa'ida who, in early-January, publicly urged Muslims to use violence to protest the President's Middle East trip. Bin Ladin's September 2007 "message to the American people" and Zawahiri's May 2007 interview include specific US cultural and historical references almost certainly meant to strike a chord with disaffected US listeners.

Disrupted plotting over the past 14 months in New Jersey and Illinois highlights the diverse threat posed by Homeland-based radical Muslims inspired by extremist ideology. A group of European and Arab Muslim immigrants arrested last May for planning to attack Fort Dix, New Jersey, used a group member's familiarity with the US Army base to determine their target. In Illinois, the FBI arrested US Muslim convert Derrick Shareef in December 2006 as he attempted to obtain weapons for a self-planned, self-executed terrorist attack against a shopping mall in Rockford.

To date, cells detected in the United States have lacked the level of sophistication, experience, and access to resources of terrorist cells overseas. Their efforts, when disrupted, largely have been in the nascent phase, and authorities often were able to take advantage of poor operational tradecraft. However, the growing use of the internet to identify and connect with networks throughout the world offers opportunities to build relationships and gain expertise that previously were available only in overseas training camps. It is likely that such independent groups will use information on destructive tactics available on the Internet to boost their own capabilities.

WMD PROLIFERATION: KEY STATES OF CONCERN

In addition to terrorism, the ongoing efforts of nation-states and terrorists to develop and/or acquire dangerous weapons and delivery systems constitute major threats to the safety of our nation, our deployed troops, and our friends. We are most concerned about the threat and destabilizing effect of nuclear proliferation. We also are concerned about the threat from biological and chemical agents.

WMD use by most nation states is traditionally constrained by the logic of deterrence and by diplomacy, but these constraints may be of less utility in preventing the use of mass-effect weapons by terrorist groups. The time when only a few

states had access to the most dangerous technologies has been over for many years. Technologies, often dual-use, circulate easily in our globalized economy, as do the scientific personnel who design and use them. The IC works with other elements of the US Government on the safeguarding and security of nuclear weapons and fissile material, pathogens, and chemical weapons in select countries.

We assess that some of the countries that are still pursuing WMD programs will continue to try to improve their capabilities and level of self-sufficiency over the next decade. We also are focused on the potential acquisition of nuclear, chemical, and/or biological weapons—or the production technologies and materials necessary to produce them—by states that do not now have such programs, by terrorist organizations such as al Qa'ida, insurgents in Iraq, and by criminal organizations, acting alone or via middlemen. We also are concerned about rogue or criminal elements willing to supply materials and technology—alone or with a network—without their government's knowledge.

We are especially concerned about the potential for terrorists to gain access to WMD-related materials or technology. Many countries in the international community share these concerns. Therefore we are working closely with other elements of the US Government to enhance the safety and security of nuclear weapons and fissile material and the detection of WMD materials.

IRAN'S AND NORTH KOREA'S WMD AND MISSILE PROGRAMS

The Iranian and North Korean regimes flout UN Security Council restrictions on their nuclear programs.

Over the past year we have gained important new insights into **Tehran's** activities related to nuclear weapons and the Community recently published a National Intelligence Estimate on Iranian intent and capabilities in this area. I want to be very clear in addressing the Iranian nuclear capability. First, there are three parts to an effective nuclear weapons capability:

1. Production of fissile material
2. Effective means for weapons delivery
3. Design and weaponization of the warhead itself

We assess in our recent NIE on this subject that warhead design and weaponization were halted, along with covert

military uranium conversion- and enrichment-related activities. Declared uranium enrichment efforts, which will enable the production of fissile material, continue. This is the most difficult challenge in nuclear production. Iran's efforts to perfect ballistic missiles that can reach North Africa and Europe also continue.

We remain concerned about Iran's intentions and assess with moderate-to-high confidence that Tehran at a minimum is keeping open the option to develop nuclear weapons. We have high confidence that Iranian military entities were working under government direction to develop nuclear weapons until fall 2003. Also, Iranian entities are continuing to develop a range of technical capabilities that could be applied to producing nuclear weapons. Iran continues its efforts to develop uranium enrichment technology, which can be used both for power reactor fuel and to produce nuclear weapons. And, as noted, Iran continues to deploy ballistic missiles inherently capable of delivering nuclear weapons, and to develop longer-range missiles. We also assess with high confidence that even after fall 2003 Iran has conducted research and development projects with commercial and conventional military applications—some of which would also be of limited use for nuclear weapons.

We judge with high confidence that in fall 2003, Tehran halted its nuclear weapons design and weaponization activities, as well as its covert military uranium conversion and enrichment-related activities, for at least several years. Because of intelligence gaps, DOE and the NIC assess with only moderate confidence that all such activities were halted. We assess with moderate confidence that Tehran had not restarted these activities as of mid-2007, but since they comprised an unannounced secret effort which Iran attempted to hide, we do not know if these activities have been restarted.

We judge with high confidence that the halt was directed primarily in response to increasing international scrutiny and pressure resulting from exposure of Iran's previously undeclared nuclear work. This indicates that Iran may be more susceptible to influence on the issue than we judged previously.

We do not have sufficient intelligence information to judge confidently whether Tehran is willing to maintain the halt of its

nuclear weapons design and weaponization activities indefinitely while it weighs its options, or whether it will or already has set specific deadlines or criteria that will prompt it to restart those activities. We assess with high confidence that Iran has the scientific, technical and industrial capacity eventually to produce nuclear weapons. In our judgment, only an Iranian political decision to abandon a nuclear weapons objective would plausibly keep Iran from eventually producing nuclear weapons—and such a decision is inherently reversible. I note again that two activities relevant to a nuclear weapons capability continue: uranium enrichment that will enable the production of fissile material and development of long-range ballistic missile systems.

We assess with moderate confidence that convincing the Iranian leadership to forgo the eventual development of nuclear weapons will be difficult given the linkage many within the leadership see between nuclear weapons development and Iran's key national security and foreign policy objectives, and given Iran's considerable effort from at least the late 1980s to 2003 to develop such weapons.

We continue to assess with moderate-to-high confidence that Iran does not currently have a nuclear weapon. We continue to assess with low confidence that Iran probably has imported at least some weapons-usable fissile material, but still judge with moderate-to-high confidence it has not obtained enough for a nuclear weapon. We cannot rule out that Iran has acquired from abroad—or will acquire in the future—a nuclear weapon or enough fissile material for a weapon. Barring such acquisitions, if Iran wants to have nuclear weapons it would need to produce sufficient amounts of fissile material indigenously—which we judge with high confidence it has not yet done.

Iran resumed its declared centrifuge enrichment activities in January 2006, despite the 2003 halt in its nuclear weapons design and weaponization activities. Iran made significant progress in 2007 installing centrifuges at Natanz, but we judge with moderate confidence it still faces significant technical problems operating them.

- We judge with moderate confidence that the earliest possible date Iran would be technically capable of producing enough highly enriched uranium (HEU) for a

weapon is late 2009, but that is very unlikely.

- We judge with moderate confidence Iran probably would be technically capable of producing enough HEU for a weapon sometime during the 2010-2015 time frame. INR judges Iran is unlikely to achieve this capability before 2013 because of foreseeable technical and programmatic problems. All agencies recognize the possibility that this capability may not be attained until *after* 2015.

We know that Tehran had a chemical warfare program prior to 1997, when it declared elements of its program. We assess that Tehran maintains dual-use facilities intended to produce CW agent in times of need and conducts research that may have offensive applications. We assess Iran maintains a capability to weaponize CW agents in a variety of delivery systems.

We assess that Iran has previously conducted offensive BW agent research and development. Iran continues to seek dual-use technologies that could be used for biological warfare.

North Korea's nuclear weapons and missile programs threaten to destabilize a region that has known many great power conflicts and comprises some of the world's largest economies. North Korea has already sold ballistic missiles to several Middle Eastern countries and to Iran. We remain concerned North Korea could proliferate nuclear weapons abroad.

While North Korea's military almost certainly could not defeat South Korea, it could inflict hundreds of thousands of casualties and severe damage on the South. Missile delivery systems, including several hundred deployed Scud and No Dong missiles, which were flight-tested in July 2006, add to the threat to South Korea and extend it to Japan, including to US bases in both those countries. The North's October 2006 nuclear test supports our previous assessment that it had produced nuclear weapons. The test produced a nuclear yield of less than one kiloton, well below the yield of most states' first nuclear tests. Prior to the test, North Korea produced enough plutonium for at least a half dozen nuclear weapons.

The IC continues to assess that North Korea has pursued a uranium enrichment capability at least in the past, and judges

with at least moderate confidence that the effort continues today.

Pyongyang probably views its capabilities as being more for deterrence and coercive diplomacy than for warfighting and would consider using nuclear weapons only under certain narrow circumstances. We also assess that Pyongyang probably would not attempt to use nuclear weapons against US forces or territory unless it perceived the regime to be on the verge of military defeat and risked an irretrievable loss of control.

- We assess that North Korea's Taepo Dong-2, which failed in its flight-test in July 2006, probably has the potential capability to deliver a nuclear-weapon-sized payload to the continental United States. But we assess the likelihood of successful delivery would be low absent successful testing.

NORTH KOREA AND SIX PARTY TALKS

North Korea conducted missile tests and its first nuclear detonation in October 2006. Since returning to the negotiating table last year, Pyongyang has reaffirmed its September 2005 commitment in principle to full denuclearization, shut down its nuclear facilities at Yongbyon, and begun the process of disabling those facilities. But the North missed a 31 December deadline for a full declaration of its nuclear programs, as had been agreed to last October. The regime appears stable, but persistent economic privation and natural disasters—such as the severe floods last August—and uncertainty about succession arrangements create the potential for domestic unrest with unpredictable consequences.

NUCLEAR AND COMPETITORA INDIA AND PAKISTAN

In assessing the nuclear competition between India and Pakistan, we note that missile tests and new force deployments over the past three years have not affected the ongoing political dialogue. Although both New Delhi and Islamabad are fielding a more mature strategic nuclear capability, they do not appear to be engaged in a Cold War-style arms race for numerical superiority.

PAKISTAN NUCLEAR SECURITY

We judge the ongoing political uncertainty in Pakistan has not seriously threatened the military's control of the nuclear arsenal, but vulnerabilities exist. The Pakistan Army oversees nuclear programs, including security responsibilities, and we judge that the Army's management of nuclear policy issues—to include physical security—has not been degraded by Pakistan's political crisis.

THE CYBER THREAT

The US information infrastructure—including telecommunications and computer networks and systems, and the data that reside on them—is critical to virtually every aspect of modern life. Therefore, threats to our IT infrastructure are an important focus of the Intelligence Community. As government, private sector, and personal activities continue to move to networked operations, as our digital systems add ever more capabilities, as wireless systems become even more ubiquitous, and as the design, manufacture, and service of information technology has moved overseas, our vulnerabilities will continue to grow.

STATE AND NON-STATE CYBER CAPABILITIES

Our information infrastructure—including the internet, telecommunications networks, computer systems, and embedded processors and controllers in critical industries—increasingly is being targeted for exploitation and potentially for disruption or destruction, by a growing array of state and non-state adversaries. Over the past year, cyber exploitation activity has grown more sophisticated, more targeted, and more serious. The Intelligence Community expects these trends to continue in the coming year.

We assess that nations, including Russia and China, have the technical capabilities to target and disrupt elements of the US information infrastructure and for intelligence collection. Nation states and criminals target our government and private sector information networks to gain competitive advantage in the commercial sector. Terrorist groups—including al-Qa'ida, HAMAS, and Hizballah—have expressed the desire to use cyber means to target the United States. Criminal elements continue to show growing sophistication in technical capability and targeting, and today operate a pervasive, mature on-line service economy in illicit cyber capabilities and services available to anyone willing to pay.

Each of these actors has different levels of skill and different intentions; therefore, we must develop flexible capabilities to counter each. It is no longer sufficient for the US Government to discover cyber intrusions in its networks, clean up the damage, and take legal or political steps to deter further intrusions. We must take proactive measures to detect and prevent intrusions from whatever source, as they happen, and before they can do significant damage.

At the President's direction, an interagency group reviewed the cyber threat to the US and identified options regarding how best to integrate US Government defensive cyber capabilities; how best to optimize, coordinate and de-conflict cyber activities; and how to better employ cyber resources to maximize performance. This tasking was fulfilled with the January 2008 issuance of NSPD-54/HSPD-23, which directs a comprehensive national cybersecurity initiative. These actions will help to deter hostile action in cyber space by making it harder to penetrate our networks.

AFGHANISTAN

In 2007 the number of attacks in Afghanistan's Taliban-dominated insurgency exceeded that of the previous year, in part because NATO and Afghan forces undertook many more offensive operations. Efforts to improve governance and extend development were hampered by a lack of security in some areas and a general lack of government capacity and competency. The ability of the Karzai government, NATO, and the United States to defeat the Taliban will determine the continued support of the Afghan people for the government and the international community. Afghan leaders also must deal with endemic corruption and pervasive poppy cultivation and drug trafficking. Ultimately, defeating the insurgency will depend heavily on the government's ability to improve security, deliver services, and expand development for economic opportunity.

SECURITY DETERIORATION IN THE SOUTH

Although international forces and the Afghan National Army continue to score tactical victories over the Taliban, the security situation has deteriorated in some areas in the south, and Taliban forces have expanded their operations into previously peaceful areas of the west and around Kabul. The Taliban-dominated insurgency has expanded in scope despite operational disruption caused by International Security Assistance Force (ISAF) and Operation Enduring Freedom operations. The death or capture of three top Taliban leaders last year—their first high level losses—does not yet appear to have significantly disrupted insurgent operations.

Continued progress has been made in expanding and fielding the Afghan National Army, which as of the end of 2007 reported attaining 70 percent of its authorized 70,000 end strength. While this is an improvement, the shortage of international trainers in the field, high operational tempo, attrition, and absenteeism hamper efforts to make units capable of significant independent action. The Afghan National Police

has approximately 90 percent of its authorized 82,000 end-strength. While the National Police may have more forces throughout Afghanistan, corruption, insufficient training and equipment, and absenteeism hamper their effectiveness.

CENTRAL GOVERNMENT AUTHORITY AND CAPACITY

Kabul in 2008 must work closely with the national legislature, as well as provincial and tribal leaders, to establish and extend the capacity of the central government. The country faces a chronic shortage of resources and of qualified and motivated government officials at the national and local level.

The drug trade is one of the greatest long-term challenges facing Afghanistan. The insidious effects of drug-related criminality continue to undercut the government's ability to assert its authority, to develop a strong, rule-of-law based system, and to rebuild the economy. Despite improved eradication and investigative efforts, poppy cultivation increased again last year. Opium poppy cultivation remains at or near 2004 record levels with over 200,000 hectares of land under cultivation in 2007.

Both law enforcement and judicial capacity—although somewhat improved—remain limited, and Kabul remains constrained in its ability to deploy programs at the provincial and local levels. For farmers, opium poppy cultivation remains significantly more lucrative than wheat and other crops. The United Nations estimated the total farm-gate value of opium production in 2007 at $1 billion, with Helmand Province producing just over half of this total. The Taliban and other insurgent groups operating in poppy-growing regions gain at least some of financial support as a result of their ties to local opium traffickers. Drug money is an important source of income, especially at the local level where some Taliban commanders accrue their own operational funding.

IRAQ
TANGIBLE GAINS IN SECURITY

The security situation in Iraq continues to show signs of improvement. According to Multinational Force-Iraq, as of the end of 2007, security incidents countrywide and in the 10 Baghdad Security Districts have declined to their lowest levels since the February 2006 Samarra Golden Mosque bombing; civilian violence has declined to pre-Samarra levels; and monthly civilian fatalities nationwide have fallen by over half in the past year. We judge these security gains are the result of a combination of factors, including the success of tribal efforts in combating AQI, expanded Coalition operations, and the

growing capabilities of the Iraqi Security Forces (ISF).

- We judge that organized tribal resistance to AQI—aided by expanded Coalition operations—has reduced AQI's operational capabilities. Concurrently, decisions by major elements of the Sunni insurgency to work with the Coalition this year have weakened the insurgency by reducing the number of Sunnis involved in violent resistance.

- Many tribal members and former insurgents have joined "Concerned Local Citizen" groups (CLCs) or "tribal awakening" movements that are cooperating with the Coalition and Iraqi Government. Some groups have indicated a desire to move beyond providing security. They now want to promote economic development and become political movements. They also are endorsing the legitimacy of elections and political bargaining to effect change at the provincial and national levels of government.

- A steady decline in suicide attacks—the majority of which we judge are conducted by foreign terrorists—indicates that Coalition disruptions of AQI's foreign terrorists have eroded AQI's capability to mount suicide operations.

- The ISF effectively deployed forces to Baghdad in support of Operation Fardh al-Qanun this spring and, most recently, to Al Basrah and Ad Diwaniyah. While showing dramatic improvements, the ISF currently needs the Coalition for planning, supporting, and executing sustained operations.

BUT SECURITY CHALLENGES REMAIN

Despite these gains, a number of internal factors continue to undermine Iraq's security. Sectarian distrust is still strong throughout Iraqi society, and AQI remains capable of conducting destabilizing operations and spectacular attacks despite disruptions of its networks. AQI remains a potent force and the most active and capable of the Sunni extremist groups fighting Coalition and Iraqi Government forces in Iraq. Also, since last August, intra-communal violence in southern Iraq has spread beyond rival militia factions as Shia groups compete for advantage.

Many Sunnis who participate in local security initiatives retain a hostile attitude toward Shia parties that dominate the government, and some Shia leaders still view many anti-AQI

Sunni groups as thinly disguised insurgents who are plotting to reverse the political process that brought the Shia to power.

Security in southern Iraq probably will remain fragile in the coming months as rival Shia groups continue to compete violently for political power and economic resources. In Al Basrah, security remains tenuous. Security also is a problem in northern Iraq. Violence has increased in Mosul, Iraq's third largest city, as both Sunni resistance elements and AQI increasingly focus their activities in the area. The Iraqi government will have to address Sunni Arab concerns over representation on the provincial councils, defeat AQI and the insurgents, and address Kurdish expansionism to improve security in northern Iraq.

A number of factors continue to challenge the ISF's ability to conduct effective operations independent of Coalition forces. While improving significantly over the past year, ISF units remain hindered by shortages of personnel—especially trained leaders—and many units still rely on the Coalition for logistics support. Lastly, the return of Iraqi refugees and internally displaced persons (IDPs) to their former homes and neighborhoods as security improves could increase ethnosectarian tensions in mixed communities and create an additional strain on the Iraqi Government's ability to provide security and basic services to the general population.

NEIGHBORS, FOREIGN FIGHTERS FURTHER CHALLENGE SECURITY

Efforts by some of Iraq's neighbors to exert influence in Iraq also endanger Iraq's security. Iran—primarily through the Islamic Revolutionary Guard Corps-Qods Force—continues to provide weapons, funding, and training support to certain Iraqi Shia militants despite reported commitments by senior Iranian officials to stop such support. Iran's provision of lethal aid to Iraqi Shia militants is designed to increase Tehran's influence over Iraq as well as ensure the United States suffers setbacks.

Approximately 90 percent of all suicide attacks in Iraq are conducted by foreign terrorists with 50 to 80 foreign terrorists entering Iraq each month, although that number appeared to decline in the last part of 2007. Seventy to eighty percent of the foreign terrorists gain final entry into Iraq through Syria, many through the Damascus international airport.

Syrian internal security operations have contributed to the reduction in the effectiveness of AQI's Syria-based foreign

terrorist facilitation networks and in the number of foreign terrorists entering Iraq; nevertheless, Syria remains the primary transit hub for Iraq-bound terrorists.

POLITICS AND GOVERNANCE: CRITICAL COMPONENTS TO IRAQ'S SECURITY

Improved security is a necessary but not sufficient condition to stabilize Iraq. Bridging differences among competing factions and communities and providing effective governance are critical for achieving a successful state, but moving ahead on that road has been tough for Iraq.

Prime Minister Maliki's government had only limited success in delivering government services and improving the quality of life for Iraqis. Despite the beginning of a return of Iraqis who had fled because of violence, the political gaps between Iraqi communities, particularly the Arab Sunni and Shia, remain deep.

Against this backdrop, Baghdad has managed to make some progress on key legislation. Legislation to reform de-Bathification laws, known as the "Accountabilty and Justice Law," has passed in the Iraqi Council of Representatives and awaits approval from the Presidency Council. When approved, this legislation would provide more Iraqis with an opportunity to play a role and have a stake in the central government. Negotiations on hydrocarbon laws continue to be stalled by disagreements between the central government and the Kurds over control of resources and revenue sharing. Progress also has been mixed on resolving outstanding Constitutional reform issues and preparing to hold provincial elections.

Gains on the economic front have improved the quality of life for Iraqis. Improved security has contributed to an increase in oil output from northern Iraq. The government also improved its performance last year in executing its budget, and the rate of inflation declined to 4.7 percent in December 2007 after hovering around 50 percent for most of 2006.

Legislation and improvements in governance and the economy are not in themselves ends; rather they are critical means for restoring Iraqi confidence in the central government and for easing sectarian distrust, which are the greatest requirements for enabling reconciliation.

TURKEY

The Marxist inspired KGK maintains approximately 3,000-3,500 guerrilla fighters in its northern Iraqi camps, about 1,000-

2,000 fighters inside Turkey, and several hundred in Iran and Syria and wants to establish a greater Kurdistan. The group has maintained a high-level of violence in Turkey a few months each year since it ended its five-year old unilateral ceasefire in 2004.

Although the KGK has not previously targeted US interests, the risk of retaliatory attacks against US interests in Turkey and Iraq could grow.

IRAN

During the next year Supreme Leader Ali Khamenei and Iran's various conservative factions, despite some differences and infighting, are expected to maintain control over a politically stable if economically troubled Iranian state. However, recent public feuding between government factions over President Ahmadi-Nejad's handling of foreign and domestic policy issues—specifically the nuclear issue and the economy—probably is making it more difficult for Khamenei to avoid taking sides. The political discord probably has intensified as a result of international pressure, and as each side tries to position itself in advance of the Majles elections in March.

- Expediency Council Chairman Rafsanjani in November called on the government to take the latest sanctions seriously, according to press.

- Ahmadi-Nejad publicly has responded by calling his critics "traitors" and threatened to publicly reveal their identities.

- In December, Rafsanjani publicly attacked Ahmadi-Nejad, likening the President's economic policies to those of the Shah—an extremely unusual and pointed critique.

- Iran is on its soundest financial footing since the revolution with record high oil export revenue boosting foreign exchange reserves to more than $70 billion. Despite the positive financial outlook, Iran's economy is plagued by the twin problems of high inflation and unemployment, which are Iranians' top complaints. Ahmadi-Nejad's populist policies have reduced unemployment marginally, but at the expense of rising inflation, which his political rivals might try to exploit in the upcoming Majles elections.

Iran remains a threat to regional stability and US interests

in the Middle East because of its continued support for violent groups, such as HAMAS and Hizballah, and efforts to undercut pro-Western actors, for example in Lebanon. Tehran's leadership seeks to preserve Iran's Islamic revolutionary government, sovereignty, stability, and territorial integrity while expanding Iran's influence and leadership in the region and the Islamic world.

Iran also is enhancing its ability to project its military power—primarily with ballistic missiles and naval power—with the ultimate goal of dominating the Gulf region and deterring potential adversaries. It seeks a capacity to disrupt Gulf shipping, especially in the Strait of Hormuz, and thus the operations and reinforcement of US forces in the region—potentially intimidating regional allies into withholding support for US policy. Iran's growing inventory of ballistic and anti-ship cruise missiles is a key element in its efforts to assert its influence.

Iranian leadership perceptions of a favorable environment are driving its foreign policy to expand Tehran's influence and leadership in the region and the Islamic world and to undermine US influence, which it perceives as inimical to Iran's clerical regime. To achieve its regional aims and mitigate threats, Iran seeks to develop a sphere of influence based on diplomatic and economic relations, religious affinities, and shared anti-US sentiments. While Tehran seeks better relationships with Shia populations worldwide, it continues to be especially strident in denying Israel's right to exist.

Whether courting other governments or Muslim citizens, Iranian leaders seek political allies and economic partners as well as religious converts. Moreover, Tehran probably judges that local surrogates—usually Shia allies or proxies cultivated over many years—can promote Iran's interests.

In Afghanistan, Iran likely will continue to focus on political activities, reaching out to alternative power centers, and challenging the US-led Coalition. Iranian officials probably will increase contact with various militias, political oppositionists, and religious leaders in Afghanistan and continue to provide lethal aid to groups and individuals who might be able to influence events in Iran's favor should the Karzai government falter or turn against Iran. We assess Iran has provided weapons to some Taliban commanders. NATO forces last September interdicted a vehicle convoy from Iran

that contained weapons, including advanced improvised explosive devices, destined for the Taliban.

- In the Levant, Iranian security concerns, particularly vis-à-vis Israel and the United States, and ambitions to become a dominant regional player, loyalty to allies, and concern for Lebanese Shia probably are driving Tehran's relations with Syria, Hizballah, and other regional groups. Over the longer term, differences in Iranian and Syrian goals could limit their cooperation, but—barring significant changes in threat perceptions by either Syria or Iran—Tehran probably will continue providing military support to Syria.

- In Lebanon, Tehran seeks to build Iran's and Hizballah's influence to the detriment of other Lebanese communities and US and Israeli interests. To enhance its role as the leader of resistance to Israel, Iran will increase its support to Palestinian terrorist groups, including HAMAS.

PAKISTAN

Pakistan is a critical partner in US counterterrorism efforts, but continues to face an array of challenges complicating its effectiveness against al-Qa'ida and other radical Islamic elements operating in the country. These challenges include coping with an unparalleled level of suicide attacks ordered by Pakistan-based militants, many of whom are allied with al-Qa'ida. At least 865 security forces and civilians were killed by suicide bombings and IEDs in 2007. Four hundred ninety-six security forces and civilians also were killed in armed clashes in 2007 to make a total of 1360 killed in 2007. Total casualties in 2007 including the number of injured security forces and civilians exceeded the cumulative total for all years between 2001 and 2006.

Pakistan is establishing a new *modus vivendi* among the Army, President Musharraf, and elected civilian leaders now that Musharraf has stepped down as Army chief. Pakistani authorities are increasingly determined to strengthen their counterterrorism performance, even during a period of heightened political tension that we expect to continue over the next year.

Radical elements in Pakistan have the potential to undermine the country's cohesiveness. The terrorist assassination of former Prime Minister Benazir Bhutto could embolden Pashtun militants, increasing their confidence that

they can strike the Pakistani establishment anywhere in the country.

The killing of Bhutto weakens the political party in Pakistan with the broadest national reach and most secular orientation, the Pakistan People's Party Parliamentarians (PPPP). However, sympathetic voters could give the party the largest number of Assembly seats in the upcoming national elections.

The Pakistani government's current plans will require intensified and sustained efforts to orchestrate the administrative, economic, educational, legal, and social reforms required to defeat Islamic extremism and militancy. Pakistan's law and order problems arising from tribal and religious militancy can be effectively addressed in the long term only if police and paramilitary forces can more reliably provide justice and border security. All of these administrative reforms require effective political leadership focused on improving the capabilities of Pakistani institutions for effective governance and development of economic opportunity.

SYRIA

The regime in Damascus continues to undermine Lebanon's sovereignty and security through its proxies; to harbor and support terrorists and terrorist organizations opposed to progress on peace talks; and to allow terrorists and criminals to cross its borders into Iraq and Lebanon. And as I noted previously, Syria's efforts to stop the flow of foreign fighters through Syria into Iraq has improved in recent months but is uneven over the past year.

Since the assassination of Rafiq Hariri in 2005, eight additional political leaders or officials have been killed in Lebanon in an effort to intimidate 14 March Coalition figures and alter the political balance in the Lebanese legislature. The Syrian regime, Hizballah, and pro-Syrian opposition elements in Lebanon have attempted to stymie international efforts to bring to justice those responsible for the Hariri assassination and disarm militia groups which constitute a challenge to Lebanese security and sovereignty. We anticipate that Syria and its supporters will continue to manipulate political developments in Lebanon through violence, intimidation, and refusal to work within constitutional parameters.

Syria continues its support of Hizballah as that group seeks

to rearm against Israel and advance its political agenda in Lebanon at the expense of the legitimate government. Damascus continues to support Palestinian rejectionist groups, including HAMAS, the Palestine Islamic Jihad, and the Popular Front for the Liberation of Palestine-General Command. These organizations continue to base their external leadership in Syria, and despite repeated demands from the international community, Syria refuses to expel them or their leaders from their safe-haven in Damascus.

LEBANON

In Lebanon, international efforts, to ensure free, fair, and constitutional presidential elections, have been impeded by destabilizing actions of Syria, Iran, and their Lebanese proxies.

Lebanese Armed Forces (LAF) Commander Michel Sulayman has emerged as the prospective consensus candidate to become the country's next president; but Hizballah and the other pro-Syrian opposition parties insist on further concessions from the ruling Coalition before agreeing on the compromise. Even if the presidency is decided peacefully, issues such as the formation of the new government, naming of a prime minister, and the prospects for a UN tribunal investigating the assassination of former Prime Minister Hariri will be contentious.

- Since November 2006, a Minister, a deputy chief of the LAF, and several pro-government legislators have been killed in a campaign of intimidation—deepening fear among the Lebanese people that Syria, Iran, and their Lebanese cohorts will prevent Lebanon from asserting their political and economic independence.

- The pro-Syrian opposition has interfered with the government's implementation of UN Security Council resolutions. In violation of UNSC Resolution 1701, weapons and fighters continue to flow across Lebanon's borders to Hizballah and other terrorist organizations.

In southern Lebanon more than 13,000 UNIFIL peacekeepers and the Lebanese Armed Forces patrol Hizballah's stronghold. As recently as January, militants launched rockets into northern Israel from inside the UNIFIL zone and a roadside bomb killed six peacekeepers last June. Many former militias in Lebanon are reconstituting, rearming, and retraining their fighters. The increased political and

sectarian tension also raises the potential for civil war within the country. Lastly, militant groups, some associated with al-Qa'ida, continue to threaten Lebanese internal security.

PALESTINIAN TERRITORIES

Despite progress toward initiating formal peace talks made in Annapolis last November, concern persists over the Palestinian Authority's ability to deliver the security demanded by Israel and to win popular support for its positions. President Abbas and other moderates remain vulnerable to actions by HAMAS and other groups aimed at subverting an agreement. The intra-Palestinian schism between Abbas and HAMAS has escalated since HAMAS' takeover of Gaza last summer.

HAMAS feels increased pressure over a weakening economic situation and an accelerating humanitarian crisis in the Gaza Strip; however, the group remains fairly unified, especially its military wing, and in charge in the Gaza Strip where it controls all PA facilities. HAMAS continues to curtail freedoms and to harass Fatah members.

In the West Bank, we see signs of progress by Fatah, including steps to reorganize the security sector, the return of PA customs revenues collected by Israel, renewed security and law enforcement cooperation with Israeli forces in taking more effective action against HAMAS, and progress by PA security forces in establishing security in Nablus and other areas.

SAUDI ARABIA

In Saudi Arabia, the long-term challenge from Islamic extremism has been checked for now, and the government benefits from steady, oil price-driven economic growth. Saudi security forces have achieved notable successes against al-Qa'ida networks inside the Kingdom since 2003, killing or capturing al-Qa'ida's original Saudi-based leadership and degrading its manpower, access to weapons, and operational capability.

Although Riyadh also has made strides against key supporters and facilitators of extremist attacks in Iraq, Saudi Arabia remains a source of recruits and finances for Iraq and Levant-based militants and Saudi extremists constitute the largest share of foreign fighters and suicide bombers in Iraq.

RUSSIA AND EURASIA

Let me turn now to Russia and Eurasia. In March, **Russia** is set to reach what many anticipated would be an important milestone—the first on-schedule change in leadership since communism and the first voluntary transfer of power from one

healthy Kremlin leader to another. That milestone has been clouded, however, by President Putin's declared readiness to serve as prime minister under his hand-picked successor, Dmitry Medvedev, a move that raises questions about who will be in charge of Russia after Putin's presidential term expires in May. Coming at a time of uncertainty about Russia's direction, the Medvedev-Putin "cohabitation" raise questions about the country's future and the implications for Western interests.

While many of the essential features of the current system are likely to endure, including weak institutions, corruption, and growing authoritarianism, we will be alert for signs of systemic changes such as an indication that presidential powers are being weakened in favor of a stronger prime minister.

ELEMENTS OF RUSSIA'S REVIVAL

We judge the Russian economy will continue to expand under a new leadership, although at a slower rate than over the last eight years, given capacity constraints, the slow pace of institutional change, the impact of real ruble appreciation, and developments in the international economy. Negative longer-term demographic challenges loom and investment will remain a significant constraint, particularly in the energy sector.

Other elements of Russian national power—from trade and energy, to diplomatic instruments and military and intelligence capabilities—are on a path to grow over the next four years. For example, Russia is positioning to control an energy supply and transportation network spanning from Europe to East Asia. Aggressive Russian efforts to control, restrict or block the transit of hydrocarbons from the Caspian to the West—and to ensure that East-West energy corridors remain subject to Russian control—underscore the potential power and influence of Russia's energy policy.

The Russian military has begun to reverse a long, deep deterioration in its capabilities that started before the collapse of the Soviet Union. Although determined that defense spending not harm Russia's economic performance, Putin has been committed to increases for defense commensurate with GDP growth that has averaged just under 7 percent this decade. By 2006 the military had significantly increased the number of high-readiness units from 1999 levels, ramped up ground forces training—including mobilization exercise activity—and begun to man its high-readiness units with longer-term "contract" personnel rather than conscripts.

Moscow also is making more use of its strengthened armed forces. A growing number of exercises with foreign militaries and an increased operational tempo in the North Caucasus Military District, often focusing on potential Georgian contingencies, are designed primarily to demonstrate regional dominance and discourage outside interference. Russia has used widely publicized missile launches and increased long-range aviation (LRA) training flights to the Pacific, Atlantic, and Arctic Oceans to showcase Russia's continued global reach and military relevance.

The military still faces significant challenges, and recent activity does not approach Soviet era operations. Demographic, health problems, and conscription deferments erode available manpower. Strategic nuclear forces remain viable, but Russia's defense industry suffers from overcapacity, loss of skilled and experienced personnel, lack of modern machine tools, rising material and labor costs, and dwindling component suppliers.

EURASIA AND BALKANS IN FLUX

The other states of Eurasia remain in a state of flux. Unresolved conflicts in the separatist **Georgian** regions of Abkhazia and South Ossetia will remain potential flashpoints even if Russia—in response to Western recognition of Kosovo—does not follow through with its implicit threat to recognize the two regions as independent. President Saakashvili's reelection in January will help renew his democratic credentials and leadership mandate.

Elsewhere in the Caucasus, the stalemated Nagorno-Karabakh conflict between **Azerbaijan** and **Armenia** continues to produce dozens of casualties annually along the Line-of-Contact. Moreover, Russia's recent suspension of its Conventional Forces in Europe obligations could lead to similar suspensions by Azerbaijan and Armenia and a subsequent arms race.

Ukraine will continue to experience an unsettled domestic political situation for months to come. The struggle for power between various factions, however, has remained within the political system since the Orange Revolution, decreasing the possibility of violence.

Prospects for major political change in **Belarus** are dim over the next year. Lukashenko's populist rhetoric, image as

the defender of Belarus, and ability to keep the economy stable have maintained his high popularity. Opposition efforts to promote a pro-Western democratic agenda and build support for his ouster have gained little traction.

Central Asian Trends. Central Asia remains fertile ground for radical Islamic sentiment and movements, due to socioeconomic and other factors. In **Uzbekistan,** President Karimov is intent on retaining firm control, but faces increased public dissatisfaction over a weakened economy and higher commodity prices. He has already demonstrated the willingness to use force against his people and could move quickly to suppress protests. **Kyrgyzstan** and **Tajikistan** lack the energy resources of other Central Asian states and have weak economies, but appear relatively stable for now. In the last year, **Turkmenistan** has shown progress on human rights and has begun to expand contacts with the outside world, but is still recovering from years of isolation.

We judge that **the Balkans** will remain unsettled in 2008 as Kosovo's drive for independence from Serbia comes to a head and inter-ethnic relations in Bosnia worsen. Kosovo leaders say they will declare independence early in 2008, a move that could trigger confrontation with rejectionist Serbs living in northern Kosovo and some retaliatory measures by Belgrade. A delay in independence could provoke a violent response from embittered Kosovo Albanian extremists.

Inter-ethnic violence that brings about intervention by NATO-led forces, is possible once Kosovo declares its independence, and any violence could spill over to neighboring states. However Kosovo's status is resolved, ethnic Albanian minorities in Macedonia and southern Serbia are likely to continue pressing for greater autonomy, and ethnic Albanian extremists will attempt to exploit public discontent and use small-scale violence to rally support for unification with Kosovo. Serbian officials say they will not intervene with the Serbian Army in Kosovo, but they have warned of political and economic responses that would probably harden Kosovo Serb's rejectionism of independence and hinder Kosovo's economic development.

Fundamental differences between Bosniak and Bosnian Serb leaders over the ultimate structure of a multi-ethnic Bosnian state, fueled by increasingly strident ethnic rhetoric

over the past year, have stymied most reforms required to keep Bosnia on a stabilizing path toward closer ties with the EU and NATO. However, the EU recently initialed a Stabilization and Association Agreement with Sarajevo. The international community presence in Bosnia is set to decline further in 2008. We judge the probability of interethnic violence is low absent a move by Bosnia's Serb entity, the Republika Srpska, toward secession. Any violence would put pressure on US and NATO forces in the region to assist.

CHINA

China sees itself as a regional power with global interests. Its strategic priorities focus on sustaining economic growth and political stability, partly as means to reinforce China's status as a great power and to uphold its territorial integrity. Beijing sees a peaceful external environment as vital to achieving these goals. As a result, China's global engagement is not driven by Communist ideology or military expansionism, but instead by a need for access to markets, resources, technology and expertise, and a desire to assert its role in the international community.

- All these goals have been reflected over the past few years in Beijing's expanded engagement with Africa and Latin America. China's efforts there have largely focused on gaining greater access to natural resources—especially oil—but China's involvement in these regions also helps promote its regional and global influence by burnishing China's image as a leader of the developing world. For example, Beijing has boosted its participation in African peacekeeping operations, most notably in Sudan.

- China's engagement in these regions, however, often overlooks the tendency of some developing world leaders to engage in human rights abuses or proliferation behavior—thus providing disincentives for those leaders to alter such behaviors. In addition, Beijing still engages in some activities—including arms sales—that could contribute to instability in Africa or Latin America. China's arms sales in the Middle East are also destabilizing and a threat to US forces, while missile sales to Iran pose a threat to US forces in the Persian Gulf.

Public statements by Chinese leaders indicate that Beijing perceives itself as being in the midst of a 20-year "window of opportunity" favorable to China's growth, development, and rise in influence. As a result, Beijing is seeking a constructive

relationship with the US and the rest of the world, which will allow China to fully capitalize on a favorable strategic environment. Indeed, Chinese officials consistently emphasize the need to seek cooperative relations with Washington, because conflict with the United States would risk derailing China's economic development. They also seek to alleviate international concerns about China's strategic intentions. As China's influence grows, however, Beijing probably will increasingly expect its interests to be respected by other countries. This will be especially true within East Asia, as Beijing tries to leverage its growing influence into a greater leadership role in the region.

The Taiwan presidential election scheduled for 22 March, coincides with an internal referendum on membership in the UN. Outgoing President Chen Shui-bian is seeking to affirm Taiwan's sovereignty and separate identity from the mainland. Beijing is attempting to use political and economic levers to deter what it sees as Taiwan's moves toward independence, but Chinese leaders say they are prepared for military contingencies, and have occasionally cited Beijing's 2005 "Anti-Secession Law," which authorizes the use of force if Beijing's leaders deem it necessary.

DOMESTIC STABILITY, ECONOMIC CONCERNS

Notwithstanding China's external goals, the leadership is focused on threats to domestic stability. President Hu Jintao's domestic policy agenda is an attempt to address some of the underlying causes of social discontent, which has erupted in local demonstrations, by focusing on more balanced economic opportunity, environmental protection, expanded social services, and rule of law while strengthening the Communist Party's hold on power. Chinese leaders rely on security forces to clamp down on non-governmental organizations, dissidents, and religious groups viewed as threats to the Party's power. Implementation of Hu's program will require a major shift of resources to the countryside, greater accountability of provincial leaders to Beijing, and stronger efforts to root out corruption—all of which require overcoming substantial obstacles or taking significant political risks.

China's impressive economic growth—it is the world's second largest economy—masks significant distortions and risks, including a rigidly controlled currency that contributes to excess liquidity, wasteful investment; government policies that favor exports over domestic consumption; and a state-run

banking system slowly recovering from a series of credit problems. China's demographic problem of an aging population, high incidence of chronic and infectious disease, environmental degradation, and an increasing energy crunch are likely to slow economic growth over the long term. A sudden and sharp slowdown in China could exacerbate vulnerabilities in the global economy; hardest hit would be its neighbors who sell about 50 percent of their goods to China and commodity producers who have enjoyed high prices and expanding export volumes because of China's rising demand for raw material, metals, and food.

PLA MODERNIZATION

The People's Liberation Army (PLA) continues to develop a wide range of systems that increasingly could put US and allied forces and bases in the region at risk. China's military modernization program is driven by the perception that a competent, modern military force is an essential element of the "great power" status to which Chinese leaders aspire. We judge that any Chinese regime, even a democratic one, would have similar goals.

China continues to develop and field conventional theater-range ballistic and cruise missile capabilities that will put US forces and regional bases throughout the Western Pacific and Asia at greater risk. China also is developing more capable long-range conventional strike systems and short- and medium-range ballistic missiles with terminally guided maneuverable warheads that could be used to attack US naval forces and airbases. China's arms sales in the Middle East are destabilizing and a threat to US forces, while missile sales to Iran also pose a threat to US forces in the Persian Gulf.

In addition, counter-command, control and sensor systems to include communications satellite jammers and ASAT weapons, are among Beijing's highest military priorities.

Beijing seeks to modernize China's strategic forces in order to address concerns about the survivability of those systems in the face of foreign advances in strategic reconnaissance, precision strike and missile defenses. China's nuclear capabilities in terms of range, lethality and survivability will increase rapidly over the next ten years.

THREATS TO SPACE SYSTEMS

Potential foreign adversaries are aware of the increasing US reliance on space systems and the advantages these systems

provide to US military and intelligence operations. Over the last decade, the rest of the world has made significant progress in developing counterspace capabilities. I expand on this threat in my classified statement for the record.

LATIN AMERICA

The gradual consolidation of democracy remained the dominant trend over the last year in Latin America, but a small group of radical populist governments continues to project a competing vision that appeals to many of the region's poor. Indeed, the persistence of high levels of poverty and striking income inequalities will continue to create a potentially receptive audience for radical populism's message, especially in the less developed areas of Latin America.

Inspired and supported by Venezuela and Cuba, leaders in Bolivia, Nicaragua, and—more tentatively—in Ecuador are pursuing agendas that undercut checks and balances on presidential power, seek lengthy presidential terms, weaken media and civil liberties, and emphasize economic nationalism at the expense of market-based approaches. Moreover, each of these governments, to varying degrees, has engaged in sharply anti-US rhetoric, aligned with Venezuela and Cuba—and increasingly Iran—on international issues, and advocated measures that directly clash with US initiatives.

VENEZUELA

The referendum on constitutional reform last December was a stunning setback for Venezuelan President Chavez and may slow his movement toward authoritarian rule and implementation of his vision of 21st century socialism. However, Chavez will not abandon his goals for sweeping change toward socialism in Venezuela but may be compelled to spend more time bolstering his domestic support.

We judge Chavez miscalculated public opposition to such moves as seeking indefinite re-election and greater discretionary authority over expropriating private property. The proposed constitutional changes also generated schisms within the heretofore united pro-Chavez movement as Chavista governors and officials came to recognize their loss of power under the new system. The outcome of the referendum has given a major psychological boost to Chavez's opponents among the middle class, the private sector, the Catholic Church, and especially university students who have become an increasingly important political force. The challenge for the diverse opposition will be to remain united absent a coalescing event like the referendum.

While Chavez's policies are damaging the Venezuelan oil industry and its economy, over the next year or so, high oil prices are likely to enable Chavez to retain the support of his constituents through well-funded social programs; continue co-opting some members of the economic elite who are profiting from the consumer-led boom; and stave off the eventual consequences of his financial mismanagement. Adverse economic trends are increasingly evident, including food shortages, rising inflation, and an overvalued currency. Without question, policies being pursued by President Chavez have Venezuela on a path to ruin its conomy.

Continued Regional Activism. Even with his likely increased attention to domestic affairs, Chavez will continue to seek to unite Latin America, under his leadership, behind an anti-US, radical leftist agenda and to look to **Cuba** as a key ideological ally. Chavez's leadership ambitions are likely to encounter growing opposition as time passes, however, because he has antagonized several of his regional counterparts and is increasingly portrayed by influential media as a divisive figure.

The sidelining of Fidel Castro in favor of his brother Raul may lead to a period of adjustment in Venezuela's relations with Cuba. Nevertheless, both governments depend heavily on this special bilateral relationship, and we assess they will find ways to smooth over any differences that may arise during the ongoing succession period in Cuba.

A high priority for Chavez will be to support the Morales government in **Bolivia.** The inauguration of **Nicaragua's** Daniel Ortega in January 2007 has given Chavez another staunch ally and a location from which to expand Venezuela's activities in Central America. We expect Chavez to provide generous campaign funding to the Farabundo Marti National Liberation Front (FMLN) in **El Salvador** in its bid to secure the presidency in the 2009 election.

Venezuela and Iran. Chavez and Iran's President Ahmadi-Nejad have established a rapport, having visited each other seven times since 2005. Venezuela and Iran have made the most progress on the economic and energy fronts, negotiating agreements in such areas as agriculture, automobile and tractor manufacture, petrochemicals, and oil exploration in Venezuela's Orinoco region. Venezuela and Iran also have

discussed cooperation on nuclear energy, but we are not aware of any significant developments as a result of these discussions. Military cooperation between Tehran and Caracas is growing. Nevertheless, the well over $3 billion in arms Venezuela has purchased from Russia over the past two years far exceeds the military sales and maintenance contracts to which Venezuela and Iran have agreed. There are growing signs of anxiety among Venezuela's neighbors about this military build-up.

Venezuela as Drug Transit Point. Since 2005 Venezuela has been a major departure point for South American—predominantly Colombian—cocaine destined for the US market, and its importance as a transshipment center continues to grow. Chavez's lack of counterdrug cooperation undermines efforts by other countries, particularly Colombia, by giving traffickers access to alternative routes and transit points. Chavez is likely to remain unengaged on the counternarcotics front unless the drug trade is perceived to damage his international image or threaten his political longevity.

CUBA

Raul Castro has served as Cuba's Provisional President for over 18 months, but his political skills will be further tested over the next year as he deals with heightened public expectations for economic improvement in food availability, housing, transportation, salaries, and meaningful employment. His actions to date indicate that he is looking for ways to bring about economic changes through a modest, though not a sweeping transformation of Cuba's Communist economic model. Raul Castro has publicly called for contact with the United States on Havana's terms aimed ultimately at bringing about an end to the US embargo.

We judge Raul's most likely approach will be cautious, incremental steps to make the agricultural sector more productive, to allow some private sector expansion through the creation of more small-scale enterprises, and to attract new foreign investment. If Raul moves forward, he probably will take pains to ensure elite consensus. Senior Cuban officials have made clear that there are no plans to permit competitive elections or otherwise alter the Communist Party's monopoly of power. Indeed, the determination of the Cuban leadership to ignore outside pressure to carry out significant economic and political reform continues to be reinforced by the more than $1

billion net annual subsidy that Venezuela provides to sustain Cuba.

Policy missteps or the mishandling of a crisis by the leadership could lead to political instability in Cuba, raising the risk of mass migration. We assess the political situation is likely to remain stable at least in the initial months following Fidel Castro's death and do not expect to see overt signs of major cleavage in the ruling elite because many of the top Party and armed forces leaders were hand-picked by Raul Castro. Moreover, senior Party and government officials probably would not want to jeopardize their futures by forcefully challenging regime decisions. Pro-democracy dissidents continue to be harassed and to risk lengthy prison sentences for minor public criticism of the regime.

COLOMBIA

Under President Uribe, Colombia—the United States'staunchest ally in the region—has continued to make major progress in strengthening democracy by improving security while energetically implementing a comprehensive counternarcotics strategy.

Colombia's better-trained security forces and improving counterinsurgency capabilities have significantly weakened the Revolutionary Armed Forces of Colombia (FARC), confining the group's operations largely to ambushes and harassment attacks. This is a major difference from the late 1990s when the FARC regularly assaulted rural police garrisons and even battalion-sized Army units. Bogota now holds the strategic advantage because of the military's sustained combat operations in the FARC's rural heartland and the permanent stationing of security forces in regions previously dominated by the insurgents. Key successes last year included the killing of two prominent FARC Front commanders and the continuing high number of FARC deserters.

FARC leaders increasingly rely on political tactics to try to distract or restrain the government. The group's recent release of two Colombian hostages was a bid by the FARC to gain international recognition and pressure the government into offering it a demilitarized zone. The Uribe government continues to work with the United States to secure the freedom of three US hostages, who have been held captive for nearly five years. The FARC currently holds about 750 hostages.

The second major prong of Uribe's security strategy—demobilizing and reintegrating paramilitaries into civilian society—also has yielded important benefits. Government successes against all the illegal armed groups have caused murder and kidnapping rates to drop significantly, and the improved security environment has helped fuel an economic boom. Stepped-up efforts to prosecute human rights violators, including in the security services, have contributed to a gradually improving human rights picture. Bogota is taking steps to follow through with proposals to strengthen the judiciary and prosecute the murders of union members and human rights workers.

Bogota's counterdrug program continues to show impressive results, particularly in interdiction, arrests of major drug traffickers, and extradition. The police and military seized 65 metric tons of cocaine and cocaine base in 2006; it also destroyed 200 cocaine labs. The government has approved more than 550 extraditions to the United States since 2002, including more than 100 cases in 2007. And Colombian authorities captured kingpin Diego Montoya in September, the country's most important drug trafficker on the FBI's Top Ten list. Although aggressive US-supported aerial eradication has diminished coca cultivation in some areas, coca farmers have adapted by moving beyond the reach of the spray program or taking actions to save or replace sprayed fields. In response, the Uribe administration is combining spray efforts with increased emphasis on manual eradication.

MEXICO

The overall picture in Mexico is positive. President Felipe Calderon's strong start in his first year in office featured an aggressive counternarcotics offensive, forging a working relationship with elements of the opposition, securing a limited revamping of the government pension system, and pushing through Congress a high-priority fiscal reform package. The public has supported most of Calderon's policies, and sustaining this momentum will be an important task as the midterm election season approaches in 2009.

Illegal migration, drug smuggling and associated violence, and human trafficking continue to threaten to Mexico's internal security and the security of the US southern border. Calderon's aggressive offensive against drug-trafficker-inspired violence has led him to deploy 20,000 to 30,000 federal police and soldiers to 10 Mexican states. A mid-year truce between major

Mexican drug cartels aimed at diminishing inter-cartel violence appeared to reduce drug-related murders in certain areas last summer; but drug violence remains high and indeed, criminal violence has increased in frequency, brutality, and geographic scope. The government also faces a rejuvenated threat from a small group of domestic insurgents: bombings of Mexican oil and natural gas pipelines marked a return to violence by the radical leftist Popular Revolutionary Army (EPR). In response, Calderon has stepped up security of oil and gas pipelines.

To deter criminal activity, Calderon has deployed military troops to bolster security in states plagued with drug violence and extradited high-level traffickers to the United States. He is seeking to reform Mexico's police and judicial system, and has subjected top federal police commanders to drug tests, polygraphs, and a review of personal assets. While making progress, sustained success will require long- term commitment.

AFRICA

Persistent insecurity in **Nigeria's** oil producing region, the Niger Delta, poses a direct threat to US strategic interests in sub-Saharan Africa. Ongoing instability and conflict in other parts of Africa pose less direct though still significant threats to US interests because of their high humanitarian and peacekeeping costs, drag on democratic and economic development, and potential to get worse.

THREATS TO US INTERESTS IN NIGERIA

President Yar'Adua has pledged to resolve the crisis in the Niger Delta but faces many obstacles created by decades of neglect, endemic corruption, mismanagement, environmental degradation, and deep public mistrust of government. The armed elements behind the violence, sabotage, kidnappings, and oil theft appear to be splintered into numerous groups with different agendas that are mostly criminal in focus. Government officials, politicians, and military personnel have a history of colluding with these groups. Nigeria's corruption-prone military has reined in some gang violence under the new administration but lacks the capacity and resources to police sprawling infrastructure in its swampy terrain. The military could provoke even more unrest if it went on the offensive against the armed groups.

Nigeria's overall political stability remains fragile even though tensions surrounding elections in 2007 have diminished. The crisis in Sudan's **Darfur** region shows few signs of

resolution, even if the planned UN peacekeeping force of 26,000 is fully deployed. The rebels are fractured; some of them are prolonging the conflict for material gain and others regard the Darfur Peace Agreement as serving Khartoum's interests. Khartoum also has failed to honor ceasefire agreements. Some 2.2 million Darfurians remain displaced. Sudan's North-South peace agreement also is in danger of collapse because of mounting Southern frustration with the North's failure to honor core provisions on power and revenue sharing; military redeployments, and border demarcation. The agreement is further undermined by allegations of Southern corruption, lack of expertise, and failure to participate in key implementation bodies.

Violence in **Kenya** after a close election marred by irregularities represents a major setback in a country that had long been among Africa's most prosperous, peaceful and stable countries, and one which gradually had progressed from dictatorship to democracy. The situation remains in flux, but President Kibaki and opposition leader Raila Odinga as yet show few signs of meaningful compromise. The political dispute has played itself out in ethnic violence that has so far killed 500-1,000 and displaced as many as 250,000 people. It has damaged, perhaps for the long-term, public trust in political institutions and the democratization process. Kibaki probably will do everything he can to hold on to power. Kenya is likely to enter a period of increased social tension and instability, which could affect its willingness and ability to cooperate with the US on regional diplomatic and counterterrorist matters.

Ethiopia's intervention in **Somalia** in December 2006 quickly toppled the Council of Islamic Courts, a coalition of business, clan and religious interests increasingly under the influence of extremists with close ties to the Al-Qa'ida East Africa terrorist network. Ethiopia's intervention provoked an insurgency and sharpened divisions among Somalis, making governance close to impossible. The Ethiopian-backed Transitional Federal Government is incapable of administering Somalia and probably would flee Mogadishu or collapse if the Ethiopians withdrew. Ethiopia's counterinsurgency operations in its own ethnic Somali region, the Ogaden, are blocking access for relief workers and creating a humanitarian crisis that risks hundreds of thousands.

Though the situation in the **Democratic Republic of**

Congo has vastly improved since the early 2000s, fighting in 2007 displaced more than 400,000 civilians and could draw in neighboring countries if it resumes. The crisis underscores the fragility of Congo's post-war transition and the difficulty President Kabila will continue to have in consolidating control over the country.

Fledgling insurgencies among nomads in **Mali** and **Niger** are likely to remain confined to the remote and sparsely populated Sahara desert but nonetheless are a strain on the security forces of these two impoverished democracies. The insurgency in Niger also threatens uranium mining, which is controlled by a French company.

Tensions between longtime enemies **Ethiopia** and **Eritrea** have increased over the past year, with both sides seemingly preparing for a new war. The last war killed about 80,000 soldiers on both sides. If conflict reignites, Ethiopian President Meles's own hold on power could be put in jeopardy if the war went badly for him.

Serious threats to **Zimbabwean** President Mugabe have yet to materialize despite hyperinflation, economic decline, and political uncertainty. Ruling party insiders are divided and appear unlikely to mount a credible challenge to Mugabe in the near term. Opposition party leaders, who have been deeply divided in the past, announced in late January that they would unify behind a single candidate, but the opposition still appears unlikely to mount a serious challenge to Mugabe's authority. Zimbabwe is likely to face a political standoff if Mugabe suddenly departs the scene without ruling party consensus on his successor.

GLOBAL ENERGY SECURITY

Access to stable and affordably priced energy supplies has long been a critical element of national security. Sustained increases in global demand and the interactive effects of energy with other issues have both magnified and broadened the significance of developments in the global energy system. Oil prices in late 2007 were near record levels and global spare production capacity is below the market's preferred cushion of 3 to 4 million barrels per day (b/d).

FACTORS FUELING HIGH PRICES

Despite a slowdown in the global economy, robust demand from major developing country consumers has not eased and other dynamics feeding high prices appear likely to endure.

Among these dynamics are: OPEC's production restraint and lackluster output growth from non-OPEC countries, refining sector tightness, reduced oil inventories, a weaker US dollar, and perceptions of multiple and serious geopolitical risks in the face of low global spare production capacity. As the dollar has weakened this year, some oil producers—such as Syria, Iran, and Libya—have asked to be paid in currencies other than the dollar while others—such as Kuwait—are delinking their currency pegs to the dollar. Continued concerns about dollar depreciation could tempt other major producers to follow suit.

Geopolitical uncertainties and tensions heighten the risk of a major oil supply disruption and the attendant negative repercussions for the global economy. Threats to Iraqi and Nigerian oil output remain a concern despite some positive developments last year. Terrorist attacks against Persian Gulf oil facilities and the potential fallout from mounting tension with Iran over its nuclear program are significant additional risks.

In Iraq, completion of a new pipeline and security improvements have helped Baghdad boost production and exports in recent months by several hundred thousand barrels per day, but output remains vulnerable to episodic violence.

Ethnic and political violence and criminal activity threaten a large portion of Nigeria's 2.2 million b/d of oil output. Approximately 550,000 barrels per day (b/d) in potential oil production, about a fifth of Nigeria's production capacity, have been offline since February 2006 because of militant attacks, and probably another 100,000 b/d are stolen. Over the past two years, the amount shut in has been as much as 900,000 b/d. Even greater and more prolonged disruptions could occur again with no advance warning, and this fear is contributing to upward pressure on oil prices in international markets. US companies have billions of dollars in investments in Nigeria. Abuja has begun to take these problems more seriously and directed national security assets to the area. However, local militias, who target oil facilities and kidnap foreign oil company personnel, will remain a persistent threat until political and other grievances are addressed.

Public statements by al-Qa'ida leaders indicate that terrorists are interested in striking Persian Gulf oil facilities.

Iran could withhold some or all of its 2.4-million barrels per day oil exports or even try to impede the flow of 18 million barrels per day of oil through the Strait of Hormuz if its pursuit of the nuclear fuel cycle sparks a major crisis; however, we assess Tehran is likely to take these provocative steps only if it perceived it had little to lose. Venezuela's President Chavez has pledged solidarity with Iran and might also curtail some or all of his country's exports of about 2 million b/d in such a scenario.

WINDFALL FOR PRODUCERS

High energy prices and escalating demand for oil and natural gas, also has resulted in windfall profits for producers. OPEC countries earned an estimated $690 billion from oil exports last year, nearly three times the revenues earned in 2003. The increased revenues also have enabled producers like Iran, Venezuela, Sudan, and Russia to garner enhanced political, economic and even military advantages and complicated multilateral efforts to address problems such as the tragedy in Darfur and Iran's nuclear program.

With about 70 percent of global oil reserves inaccessible or of limited accessibility to outside oil companies, competition between international oil companies to secure stakes in the few countries open to foreign investment is likely to intensify. Determined to secure the energy inputs necessary to fuel continued robust economic growth, Chinese and Indian state-owned and private energy companies are pursuing strategic investments in energy assets worldwide. We also see a sharp rise in Russia's investment abroad, much of it driven by Russian energy companies. Moscow is using the power of its energy monopoly to ensure that East-West energy corridors remain subject to Russian influence.

RISING GLOBAL FOOD PRICES

Global food prices also have been rising steadily over the past two years driven by higher energy prices—which push up input costs—weak harvests, historically low stocks, and robust demand. Wheat prices were up over 60 percent in 2007, and are at a 20-year high. Other foodstuffs such as vegetable oils also are near records. There is little near term relief in sight because production increases in several countries, including Australia, are hampered by water shortages and land constraints. High food prices in several countries, including Russia, China, India, and Vietnam, are forcing governments to engage in market distorting practices such as banning food exports, increasing

subsidies, or fixing prices: Food prices are likely to be an issue in several upcoming elections, particularly Pakistan.

The double impact of high energy and food prices is increasing the risk of social and political instability in vulnerable countries. Corn protests in Mexico, bread riots in Morocco, and recent unrest in Burma are directly linked to higher food and energy prices. Higher food prices, as well as rising transportation and logistical costs, also have outstripped global aid budgets and adversely impacted the ability of donor countries and organizations to provide food aid. For example, the World Food Program's food costs have increased by more than 50 percent over the past five years and are projected to grow another 35 percent by the end of the decade.

INFECTIOUS DISEASE AND US SECURITY

The international spread of infectious diseases and the increasing emergence of new ones remain challenges to US security. Even with the UN's recent downgrading of the size of the HIV/AIDS epidemic, that disease, malaria, and tuberculosis together kill 6 million persons annually. The spread of infectious disease is exacerbated by poverty, an insufficient global health infrastructure, increasing globalization, urbanization (especially in the developing world), migration, complex humanitarian emergencies with resultant refugee flows, and environmental degradation. Additionally, misuse of antibiotics has led to an increase in resistant bacteria strains.

The most direct threat to the US is the spread of infectious pathogens to our shores, or within areas where US personnel are deployed. Disease also indirectly threatens us with its potential impacts upon the international economy, civil society and critical infrastructures. Even a relatively limited outbreak, as happened with SARS in 2003, can have widespread ripple effects. Even if an outbreak does not threaten the US directly, the resulting instability or humanitarian emergency can place additional demands on US military and financial resources.

The most pressing infectious disease challenge for the United States is still the potential emergence of a severe influenza pandemic. Although the avian H5N1 virus has remained primarily a threat to poultry, it continues to expand its geographic coverage, and to evolve—indeed it retains the potential to evolve into a human pandemic strain.

A virulent virus from such an emerging pandemic also has

the potential to be used as a weapon by a terrorist group or a technically experienced lone actor; such an attack would likely be devastating, both economically and socially. While we do not currently see this level of technical sophistication in terrorist groups—isolating a virulent strain is difficult—the possibility cannot be ruled out; therefore, we will continue to use our intelligence resources to try to help detect any such preparations to use a virus as a terrorist weapon.

CONCLUSION

The issues that we consider here today confront responsible citizens and their governments everywhere. I, my colleagues, and the Intelligence Community we represent are fully committed to arming our policymakers, warfighters, and law enforcement officers with the best intelligence and analytic insight we can. This is necessary to enable them to take the actions and make the decisions that will protect American lives and American interests, here and around the world.

Chairman ROCKEFELLER. Thank you, sir.

Director Hayden?

STATEMENT OF GENERAL MICHAEL V. HAYDEN, USAF, DIRECTOR, CENTRAL INTELLIGENCE AGENCY

General HAYDEN. Thank you very much, Mr. Chairman. I will accept your 5-minute challenge that you laid out earlier.

Let me echo the words of Director McConnell in expressing our gratitude for your comments about the men and women of the American intelligence community. It's a message of thanks and respect that we can't say often enough. So thank you for mentioning that.

Now, Admiral McConnell has laid out a fairly complete overview of the threats and opportunities facing the United States in the world in which we find ourselves. I know that my colleagues up here—Mike Maples and Director Mueller and Randy—will offer their views of these issues from the perspective of their departments.

I, however, lead an analytical workforce that is nondepartmental, orchestrated and architected that way by the Congress in the Intelligence Reform Act, so much of the work that has gone into creating Admiral McConnell's statement is the product of an intimate relationship between his National Intelligence Council and our analytic workforce.

And so I guess my comment on the worldview that Director McConnell has laid out is "me, too," because it has been, again, crafted by the same workforce.

What I'd like to do, rather than repeat some of the highlights of the Admiral's overview, is just take a few minutes to point out some of the ways we're attempting to respond to the world as he has outlined it here.

Our core missions remain the same. The means by which we have to achieve those missions have changed radically. For example, in the primary threat that the Director emphasized, the global terrorist movement, we face an enemy that is clearly ruthless. But it's also one that's very adaptive, one who shuns traditional hierarchical structures, who learns from mistakes and therefore demands that we be no less resilient and creative. And so we at this agency and across the intelligence community are trying to achieve just that.

We're promoting, for example, new methods of collecting intelligence. In addition to our unilateral capacities, we're reshaping our relationships and deepening our partnerships with foreign liaison. Steve Kappes, our Deputy, and I have visited about 40 of our liaison partners over the last 15-month period to kind of underscore how important these relationships are.

We're also getting larger. The President has directed, and with your support, we are expanding the number of our core collectors and our analysts by 50 percent. And we're also trying to develop technological innovations that will allow us to penetrate the hardest targets.

Now, in addition to doing better that which we do, we're also trying to get our components within CIA to reinvent the way they do their things. In other words, we're trying to create greater coopera-

tion and collaboration not just within the agency but between the agency and the other parts of the intelligence community.

Now, some of the steps in this regard are fairly mundane. We're just taking a little bit longer in a common agency acculturation experience before our officers move out into the DI or into the National Clandestine Service or the Directorate of Support or Science and Technology.

We're also trying to make more routine assignments of our officers outside normal agency boundaries, and we are strong supporters of the Admiral's program for joint duty, wherein agency officers, if they want to be senior leaders in our community, have to have time in service outside the walls and the organizational structure of the Central Intelligence Agency.

Now, the Admiral emphasized the variety of threats that our Nation faces and pointed out that there is no threat more deadly than that of global terrorism. And I want to assure the Committee that CIA is using all the tools available to it by law to fight that threat. And, as the Admiral suggested, we have some successes to report during the year we just completed. In Southeast Asia, for example, working with liaisons, we've been able to act upon leads we've provided them to capture or kill multiple terrorist group leaders.

Our intelligence actually led directly to the foiling of a planned bombing in a crowded market in Southeast Asia last summer that would have led to mass casualties.

Director McConnell has already pointed out the success we've enjoyed in Europe in 2007—German authorities arresting three Islamic Jihad Union operatives trained in Pakistan. On the same day, Danish authorities detained individuals that were directly linked to al-Qa'ida and who were preparing explosives for use in a terrorist attack.

Our agency works vigorously with the American military in Iraq and Afghanistan to protect the lives of our soldiers. And again, there are successes to report. Acting on our intelligence, U.S. forces killed a senior al-Qa'ida leader who was responsible for the movement of foreign fighters into Iraq.

And I believe the Committee is well aware a windfall of that operation was the capturing of documentary evidence that has given us our best insight into the movement of foreign fighters into Iraq that we've ever had.

More recently, in October, acting on CIA intelligence, U.S. military forces raided a home in Diyala Province north of Baghdad and captured the largest number of improvised explosive devices that the American military has captured in any one cache to date.

That's success on our immediate requirements. That's winning what we refer to as the close battle. You've asked us—you've demanded of us—to be prepared for the future as well, to be able to operate against enemies in what I'll describe as the deep battle, not the enemy coming in over the perimeter wall right now, but the one who'll be there directly. And what are the capabilities that we will have to have in order to defeat them?

We had a session in our bubble, which is our auditorium, out at the agency that I know many of you have visited. We had it in early January. And I used two words with our workforce, enhance our current capabilities, get better at what we're doing, and then

sustain them, to have the legs to be able to do this for a long period of time.

I used a racing metaphor. In essence, I've said our community, but CIA in particular, has, in essence, been running a 4:40. And one of the worst things you can be told running a 4:40 is to come out of that last turn and see a coach with a clipboard and a stopwatch saying, "Now it's time for the 100-yard dash."

We have got to build some ability for longevity, for sustenance, for sustaining into our community. And from time to time, that may mean difficult decisions to pull back just a little bit in current activity in order to build the capacity you need to have for, literally, the long run.

So in addition to strengthening core capabilities and integrating those capabilities better on campus and throughout the community, we want to expand those capabilities so that we can sustain those capabilities so that you and the American people have them to call on over the long term.

One of the things we're doing to boost capabilities—and I have to be a bit indirect here but will be happy to go into it in more detail in closed session—is a major initiative to extend our operational reach by supporting what I'll call creative deployments that aren't limited by traditional cover or operational constraints.

We're also setting up forward-deployed analytic cells in key regional centers abroad that will allow our analysts to seek ground truth not inside the Washington Beltway but out there in the field. And I know that many of you in your trips have had a chance to visit these forward-deployed analytic cells, and we view them to be an unmitigated success.

We're pursuing a range of initiatives across the community to be better integrated.

Chairman ROCKEFELLER. Director Hayden, I hope you'll wind up.

General HAYDEN. I understand. I've just got the hook, Mr. Chairman.

We celebrated CIA's 60th anniversary last year. We reflected on that which has gotten us to where we are today. We've got a large new population out there. I think the Committee knows 50 percent of our folks have been hired since 9/11.

We used the occasion of our 60th anniversary to try to move the values that have motivated this agency over such a long period of time into this new cohort of agency officers. I think you'll find us to be innovative and collaborative, and I think you'll find us aggressively using all the lawful tools provided to us by you in the defense of the Republic.

Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, sir.

Secretary Fort?

STATEMENT OF RANDALL FORT, ASSISTANT SECRETARY OF STATE FOR INTELLIGENCE AND RESEARCH

Mr. FORT. Chairman Rockefeller, Vice Chairman Bond, members of the Committee, thank you for the opportunity to present the perspective of the State Department's Bureau of Intelligence and Research on the threats to U.S. national security.

Let me start by concurring with and fully endorsing the joint statement for the record submitted by Director McConnell which he summarized in his remarks and to which we had a chance to contribute.

Today I will focus my remarks on INR's efforts to provide intelligence support to the Secretary of State and other department principals as they pursue diplomatic solutions to key U.S. foreign policy challenges.

At a recent speech to the World Economic Forum, Secretary Rice said that, "America has no permanent enemies because we harbor no permanent hatreds." And she spoke of diplomacy as that which can, if properly conducted, "make possible a world in which old enemies become, if not friends, then no longer adversaries."

It is because of our firm belief in the potential of diplomacy that we strive to achieve peace in the Middle East, that we can imagine a better relationship with a nuclear-free North Korea, that we envision stable democracies in Iraq and Afghanistan, and that we aid Pakistan in its struggles to root out extremism.

A key intelligence community imperative, especially so for INR, is to provide intelligence analysis that enables diplomacy to achieve policy solutions. Indeed, intelligence without policy is energy without movement. More than any other intelligence community agency, INR is charged with directly supporting diplomats in the conduct of diplomacy.

Because of that mission, our analytic focus is nearly always strategic and focused on the Secretary's unique needs for situational awareness and support that shrinks policymaker uncertainties and expands understanding of opportunities. Successful diplomacy demands the best possible understanding of political attitudes, relationships and capacities in the countries where diplomacy is practiced. INR makes significant contributions to the U.S. Government's collective understanding of complex and fast-changing political and security environments in our top diplomatic and intelligence priority areas.

In Afghanistan, for example, our analytic efforts focused less on tactical battlefield considerations and more on the national, political, economic, social and demographic factors that influence the survivability of the Karzai government and on the influence of neighbors and other international actors.

In Pakistan, we support the pursuit of stability and democracy while strengthening the U.S.-Pakistan partnership for combating terrorism.

Our work has facilitated the policy decisions of our Secretary as she pursues our goals of democratization, reconciliation between Afghanistan and Pakistan, and a combined determination to fight the cross-border terrorism that plagues both countries.

The President has pledged to do everything possible to help the Israelis and Palestinians achieve a peace agreement that will define a Palestinian state by the end of 2008. INR has worked intensively, especially since this past fall's run-up to the Annapolis conference, to provide the Secretary and her senior Middle East staff with information and analysis on a number of critical issues.

INR's Iraq team works closely with policymakers in the department to provide analytic support for our efforts to promote rec-

onciliation among Iraqis and to negotiate a long-term security agreement with Iraq. At the local level, INR public survey data often provides unique insights into opinions across and within regions of Iraq, data which is keenly appreciated by provincial reconstruction teams working to build good governance from the ground up.

On Iran, we have been an active contributor to intelligence community analysis on key Iranian issues and independently produce strategic analyses that offer the Secretary insights into key policy challenges.

Our Korea team is an integrated group of all-source analysts who cooperate closely with our intelligence community colleagues to provide comprehensive support for the six-party talks. This is an area where both political and technical expertise play important roles, and we work with our negotiators to ensure they have the best possible intelligence information available, both from INR and the intelligence community as a whole, regarding a wide range of intelligence community activities.

INR's writ is particularly broad because it mirrors the Secretary's global responsibilities. So we focus not only on headline topics, but also on nations and issues that may appear to lack urgency until a crisis or catastrophe places them front and center on the world stage. The U.S. has diplomatic relations with 189 countries and maintains 267 diplomatic missions globally. Therefore, we must maintain the capacity to respond with timely, informed and actionable intelligence to support that diplomatic footprint.

In addition to our all-source analysis, INR provides tailored support to diplomacy through our outreach activities. The DNI has identified INR as its executive agent for outreach in the community, in part because of our extensive polling and conference capabilities.

Our polling results offer policymakers especially precise understanding of popular views that help define both the policy limits and possibilities in overseas political environments. And our conferences annually convene thousands of academic, think-tank, and other nongovernmental experts to provide insights and alternative views for our policymakers.

INR is in a unique position to represent both the community perspectives to policymakers and to help explain the requirements of policymakers to the intelligence community. This is a very busy two-way street. The community provides significant data to support policy. And in return, the State Department diplomatic reporting channel provides copious grist for IC analysis.

In conclusion, let me say that I think INR, both as an integral and integrated member of the intelligence community, and the Department of State's primary resource for intelligence analysis and coordination, remains critical to ensuring that policymakers understand both the enduring issues that affect our security, as well as the emergence of sudden threats to demand swift action.

INR also celebrated its 60th anniversary last year. As the senior civilian intelligence service and as the only direct institutional descendent of the Office of Strategic Services Research and Analysis Branch, we will continue to work with our intelligence and policy colleagues to anticipate, confront and respond to these challenges.

Thank you very much.

Chairman ROCKEFELLER. Thank you, Secretary Fort.

Director Mueller?

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

Director MUELLER. Chairman Rockefeller and Vice Chairman Bond and members of the Committee, today I want to give you my brief view of the threats facing us today and generally outline the FBI's efforts to combat these threats.

As you aware, the FBI's top three priorities are counterterrorism, counterintelligence, and cyber security. These priorities are critical to our national security and the FBI's vital work as a committed member of the intelligence community. These areas will be the focus of my statement.

In the counterterrorism arena, I echo Director McConnell's assessments that al-Qa'ida continues to present a critical threat to the homeland. So, too, are self-directed groups not part of al-Qa'ida's formal structure, but which have ties to terrorist organizations through either money or training.

And, finally, we face the challenges presented by a third group, and that is self-radicalized, homegrown extremists in the United States. While not formally affiliated with a foreign terrorist group, they are inspired by those groups' messages of violence, often through the Internet. And because they lack formal ties, they are often particularly difficult to detect.

Here at home, through our domestic Joint Terrorism Task Forces, and abroad, with our legal attaches and international partners, we endeavor to share real-time intelligence to fight these three levels of terrorist threats.

With regard to the counterintelligence threat, protecting our Nation's most sensitive secrets from hostile intelligence services or others who would do us harm is at the core of the FBI mission. We reach out to businesses and universities, and we join forces with our intelligence community partners, and we work closely with the military and others to help safeguard our country's secrets to protect our economic wellbeing and national security.

Cyber threats to our national security and the intersection between cyber crime, terrorism, and counterintelligence is becoming increasingly evident. Foreign adversaries and competitors can remotely observe, target, acquire, and exploit our information to their advantage.

Terrorists recruit, train and plan. They plan their attacks using the Internet. Spies sell intellectual property and state secrets to the highest bidders. Hackers who used to shut down servers around the world for bragging rights may now be linked to criminal or terrorist organizations.

Today, the FBI's cyber investigators focus on these threats. And we partner with the Government and industry through our sponsorship of InfraGuard, an alliance of nearly 21,000 individual and corporate members, to help identify, investigate and ultimately prevent cyber attacks.

I am, indeed, mindful of this Committee's abiding interest in the FBI's progress in building an intelligence program while combating

these threats. The FBI has made any number of changes since September 11 to enhance our capabilities and to build a national security organization on par with our law enforcement capabilities.

Among them, today's intelligence is woven throughout every FBI program and every operation, and we have successfully broken up terrorist plots across the country, whether it be in Portland, Lackawanna, Torrance, California, Chicago, to the more recent plots relating to Fort Dix and JFK.

We have increased and enhanced our working relationships with international partners, sharing critical intelligence to identify terrorist networks and disrupt planned attacks. We have doubled the number of intelligence analysts on board and tripled the number of linguists.

We have tripled the number of Joint Terrorism Task Forces from 33 to over 100, combining the resources and expertise of the FBI, the intelligence community, the military, and, most importantly, State, local and tribal law enforcement.

In the cyber arena, the FBI will continue its work within the intelligence community to counter cyber intrusions by foreign actors. Additionally, the FBI's recently formed cyber fusion center in Pittsburgh is an example of a collaborative public-private alliance linking software companies, Internet service providers, merchants and members of the financial sector to protect against security breaches.

We recognize that for the past 100 years of the FBI's history our greatest asset has been our people. We are building on that history with continued restructuring of our approach to intelligence training, for both our professional intelligence analyst cadre, as well as new FBI agents at Quantico. And we have and will continue to streamline our recruiting and hiring processes to attract persons having the critical skills needed for continued success.

In closing, the FBI recognizes that it is a national security service, responsible not only for collecting, analyzing and disseminating intelligence, but for taking timely action to neutralize threats within the homeland to prevent another terrorist attack. But in doing so, we also recognize that we must properly balance civil liberties with public safety in our efforts and will continually strive to do so.

Mr. Chairman, Mr. Vice Chairman, members of the Committee, I appreciate the opportunity to be here today and look forward to answering your questions.

Chairman ROCKEFELLER. Thank you, Director Mueller.

Director Maples?

STATEMENT OF LIEUTENANT GENERAL MICHAEL MAPLES, DIRECTOR, DEFENSE INTELLIGENCE AGENCY

General MAPLES. Yes, sir. Mr. Chairman, Vice Chairman Bond, members of the Committee, I appreciate the opportunity to be here today and to represent the dedicated men and women of Defense Intelligence and thank you for your comments about their service.

My short remarks will focus on changes in military operations and capabilities. There are several general global military trends that are of concern, including proliferation of the knowledge and technology required to produce weapons of mass destruction,

longer-range ballistic missiles that are more mobile and accurate, improvised devices in suicide weapons, as weapons of choice, and the continued development of counterspace and cyber capabilities.

In Iraq, an improved security situation has resulted from coalition and Iraqi operations, tribal security initiatives, concerned local citizen groups, and the Jaish al-Mahdi freeze order. While encouraging, the trends are not yet irreversible.

Al-Qa'ida in Iraq has been damaged, but it still attempts to reignite sectarian violence and remains able to conduct high profile attacks. We have seen a decline in the movement of foreign terrorists into Iraq.

The Islamic Revolutionary Guards Corps Quds Force continues to provide training and support. And DIA has not yet seen evidence that Iran has ended lethal aid.

Iraqi security forces, while reliant on coalition combat service support, have improved their overall capabilities and are increasingly leading counterinsurgency operations.

In Afghanistan, ISAF successes have inflicted losses on Taliban leadership and prevented the Taliban from conducting sustained conventional operations. Despite their losses, the Taliban maintains access to local Pashtun and some foreign fighters and is using suicide bombings, improvised explosive devices, and small arms to increase attack levels.

While the insurgency remains concentrated in the Pashtun-dominated south and east, it has expanded to some western areas. The Afghan Army has fielded 11 of 14 infantry brigades, and more than one-third of Afghanistan's combat arms battalions are assessed as capable of leading operations with coalition support.

We believe that al-Qa'ida has expanded its support to the Afghan insurgency and presents an increased threat to Pakistan, while it continues to plan, support and direct transnational attacks. Al-Qa'ida has extended its operational reach through partnerships with compatible regional terrorist groups, including a continued effort to expand into Africa. Al-Qa'ida maintains its desire to possess weapons of mass destruction.

Pakistani military operations in the Federally Administered Tribal Areas have had limited effect on al-Qa'ida. However, Pakistan recognizes the threat and realizes the need to develop more effective counterinsurgency capabilities to complement their conventional military. At present, we have confidence in Pakistan's ability to safeguard its nuclear weapons.

Iran is acquiring advanced weapons systems and supporting terrorist proxies. New capabilities include missile patrol boats, antiship cruise missiles, surface-to-air missile systems, and an extended range variant of the Shahab–3 ballistic missile. Iran is close to acquiring long-range SA–20 SAMs and is developing a new Ashura medium-range ballistic missile. Lebanese Hezbollah continues to receive weapons, training and resources from Iran.

North Korea maintains large forward-position land forces that are, however, lacking in training and equipment. Robust artillery and mobile ballistic missiles are being sustained. Development of the Taepo Dong–2 continues, as does work on an intermediate-range ballistic missile, a variant of which has reportedly been sold to Iran.

China is fielding sophisticated weapons systems and testing new doctrines that it believes will strengthen its ability to prevail in regional conflicts and counter traditional U.S. military advantages. Military modernization includes anti-ship cruise and ballistic missiles, submarines, a cruise missile-capable bomber, and modern surface-to-air missile systems.

China's missile development includes the road-mobile DF–31A ICBM. Future ICBMs could include the JL–2 submarine-launched ballistic missile and some ICBMs with multiple independently targeted reentry vehicles. China successfully tested an anti-satellite missile in January 2007 and is developing counterspace jammers and directed-energy weapons.

Russia is trying to reestablish a degree of military power that it believes is commensurate with its renewed economic strength and political confidence. Russia's widely publicized strategic missile launches, long-range aviation flights, and carrier strike group deployment are designed to demonstrate global reach and relevance.

Development, production and deployment of advanced strategic weapons continues, including the road-mobile SS–27 ICBM and the Bulava–30 submarine-launched ballistic missile. Russia is also making improvements in its high-readiness, permanently ready conventional forces.

To our south, Colombia's counterinsurgency operations are achieving success against the FARC. Venezuela's neighbors express concern about its desire to buy submarines, transport aircraft, and an air defense system, in addition to the advanced fighters, attack helicopters, and assault rifles it has already purchased.

This has been a brief summary highlighting the work of our defense intelligence professionals. They are honored to serve our Nation and thank you for your interest and support.

Chairman ROCKEFELLER. Thank you very much, all of you.

I apologize for the relatively shorter time allotted to you, but I think, all in all, the questions will elicit a lot of what you otherwise would have liked to have also said.

I will start, Director McConnell, with you. What is the intelligence community's assessment at this point about the ability to achieve the kind of political reconciliation in Iraq over the coming year that will make less necessary some of the sectarian and other violence which plagues that nation now?

Director MCCONNELL. Mr. Chairman, I think, as I mentioned in my remarks, it's slower than we would like, but progress is being made.

One of the things that they wrestled with over the past year is a de-Ba'athification law, and if I could expand on it just for a second, for those that were in the regime before—security professionals, for example—when the new government was established, they were left out.

And they made some very hard decisions to try to be inclusive to—while it's a Shia majority and Shia-dominated, to be inclusive, to bring the Sunnis in the country back in. And that law was passed just recently.

There are other laws that are working through the system. And as they get more experienced with government—remember, this is a nation that was ruled by a dictator for the recent memory of any-

one in that current organization governmentally, and they're actually learning the political process, how to negotiate, how to compromise and so on.

So progress is slow, but I think we're on a course to have success over the next year. I don't think it will be done over the next year, but with perseverance it will be done in time.

Chairman ROCKEFELLER. That doesn't really answer the question—there will be success in the coming year and things will get better. But as we all know, there's an amplitude of very serious problems that remain. You mentioned a few of them.

The question is what about the next year. To what extent do you think in the next year—I understand the word "over time." I understand better the word "over the next year."

Director MCCONNELL. The two issues they are focused on at the moment that I think will be significant progress, if they can work it through their legislative process and get approval are provincial elections and revenue sharing, hydrocarbon revenue sharing.

Those are two very, very tough issues. It's the form of government going forward. Is it inclusive of the provinces, and can it get agreement on that? So if they are successful in negotiating and closing on those two issues over the next number of months, then it would be significant progress.

But I don't want to lead you, Mr. Chairman. It is not going to be over in a year. It's going to be a long time to bring it to closure. But progress is being made. The fact that security has been improved and established, we actually see things that return a quality of life to the Iraqi citizens.

While there's a bill pending for how to share oil revenue, oil production's up another 500,000 barrels. It is being sold and that revenue is being shared. Electricity output is going up. The economy is growing. I think it's in a 7 percent, 8 percent growth level.

Inflation, which was very, very high this time a year ago, is down in the 4 percent, 5 percent range. So progress is being made, but I couldn't tell you that it's going to be over and done and completed in 12 months or 18 months. It's going in the right direction.

Chairman ROCKEFELLER. I understand.

Director Hayden, the House and Senate Conference Committee on Authorization agreed to a term which I think you may not be in favor of, and that is that all interrogation in CIA facilities, wherever, must follow the Army Field Manual. Now, that's controversial, and many changes have been made, and I understand that, within your approach.

But what I need you to do is to tell me how you turn to Director Mueller and Director Maples, who say that that will do the trick and that that kind of interrogation's enough to elicit what you need to get, and tell them that it may be, if the authorization is passed, that we will be, in your view, perhaps shortchanging our ability to do intelligence.

General HAYDEN. Thank you, Mr. Chairman, for the question. The way I usually describe it, is that there is a universe out there of lawful interrogation techniques, you know, that we should feel as a Nation that we have a right to use against our enemies. And obviously, there are a lot of subtexts and subplots to that against

our enemies. Are they lawful combatants, unlawful combatants? Are they terrorists? Are they uniformed soldiers? And so on.

But again, there's a universe out there of lawful techniques. The Army Field Manual describes a subset of that universe. I've heard no one claim that the Army Field Manual exhausts all the tools that could or should be legitimately available to our Republic to defend itself when it comes to questioning people who would intend our Republic harm.

What I would say is, the Army Field Manual meets the needs of America's Army—and, you know, give that to you in maybe three or four different senses.

It meets the needs of America's Army in terms of who's going to do it, which, in the case of the Army Field Manual, would be a relatively large population of relatively young men and women who have received good training but not exhaustive training in all potential situations. So the population of who's doing it is different than the population that would be working for me inside the CIA interrogation program.

The population of who they do it to would also be different. In the life of the CIA detention program, we have held fewer than 100 people. And actually, fewer than one-third of those people have had any techniques used against them, enhanced techniques, in the CIA program.

America's Army literally today is holding over 20,000 detainees in Iraq alone. And so again, there's a difference in terms of who's doing it, against whom you're doing it, and then, finally, in the circumstances under which you're doing the interrogation.

And I know there can be circumstances in military custody that are as protected and isolated and controlled as in our detention facilities, but in many instances that is not the case. These are interrogations against enemy soldiers who almost always will be lawful combatants, in tactical situations, from whom you expect to get information of transient and tactical value. None of that applies to the detainees we hold, to the interrogators we have, or the information we are attempting to seek.

And so I would subscribe and support—in fact, the CIA had a chance to comment on the Army Field Manual during its development—that the Army Field Manual does exactly what it does, exactly what it needs to do for the United States Army.

But on the face of it, it would make no more sense to apply the Army Field Manual to CIA—the Army Field Manual on interrogations—than it would be to take the Army Field Manual on grooming and apply it to my agency, or the Army Field Manual on recruiting and apply it to my agency, or, for that matter, take the Army Field Manual on sexual orientation and apply it to my agency.

This was built to meet the needs of America's Army. We should not confine our universe of lawful interrogation to a subset of those techniques that were developed for one purpose.

Chairman ROCKEFELLER. I'm way over my time. I apologize to my colleagues.

And I call on the Vice Chairman.

Vice Chairman BOND. Thank you very much, Mr. Chairman.

Following up on that, I'd like to ask Director Hayden for his comments, because we've spoken about this issue and your belief that the CIA's program was essential. Now the Attorney General has publicly said that the CIA is no longer using waterboarding as one of its techniques.

I'd like your views, from your professional perspective, on why you think enhanced techniques are so critical in collecting intelligence and what you would say to those who think the Army Field Manual will be just as effective. Because that provision that was added in conferences out of—and when the conference comes—when the bill comes to the Senate, I intend to attempt to strike that.

What arguments, Director Hayden?

I'm sorry, General Hayden's had the shot. Let me direct that to Director McConnell. My apologies. I want to get another view in the game.

Director MCCONNELL. Senator Bond, I would associate myself with the comments just made by Director Hayden with regard to lawful techniques that could be used to protect the country under any appropriate circumstances.

You mentioned waterboarding. That is not currently in the program that we use. The question that's always asked—is that a lawful technique—and I think, as you saw the reports or participated in the hearing that the Attorney General participated in last week, if there was a reason to use such a technique, you would have to make a judgment on the circumstances and the situation regarding the specifics of the event.

And if such a desire was generated in the interest of protecting the Nation, General Hayden would have to, first of all, have a discussion with me, and we would have a dialog about whether we should go forward and seek legal opinion.

Once we agreed to that, assuming we did, we would go to the Attorney General, who'd make a ruling on the specifics of the situation. At that point, it would be taken to the President for a decision, and if a decision was taken, then the appropriate committees of the Congress would be so notified.

So in managing the process, there is a universe of lawful techniques. They should be considered in defense of the Nation and appropriately administered, given that we would have to use such a technique.

General HAYDEN. Can I add to that, Mr. Vice Chairman?

Vice Chairman BOND. Please.

General HAYDEN. Thank you. To put this into scale—and I know this is—look. This is a very difficult issue, not just for the Committee but for the Senate, for the Government, for my agency and for the people in my agency, and for the Nation at large.

But let me just try to frame the discussion by pointing out a few facts. I mentioned just a minute or two ago that in the life of the CIA detention program, we've detained fewer than 100 people. Of the people detained, fewer than one-third have had any of what we call the enhanced interrogation techniques used against them.

Let me make it very clear and to state so officially in front of this Committee that waterboarding has been used on only three detain-

ees. It was used on Khalid Shaykh Mohammed. It was used on Abu Zubaydah. And it was used on Nashiri.

The CIA has not used waterboarding for almost 5 years. We used it against these three high-value detainees because of the circumstances of the time. Very critical to those circumstances was the belief that additional catastrophic attacks against the homeland were imminent. In addition to that, my agency and our community writ large had limited knowledge about al-Qa'ida and its workings. Those two realities have changed.

None of us up here are going to make the claim—and I'm sure we'll get this question before we're done this morning—is America safe. And we'll answer it is safer, but it is not yet safe. So this one never gets to zero.

But the circumstances under which we are operating, we believe, are, frankly, different than they were in late 2001 and early 2002. We also have much more extensive knowledge of al-Qa'ida. And I've told this to the Committee in other sessions—our most powerful tool in questioning any detainee is our knowledge, that we are able to bring that knowledge to bear.

Vice Chairman BOND. General, excuse me for interrupting. In the 8 seconds I have left, I wanted to fire off a question to you and Director Mueller.

We're debating retroactive immunity. People keep telling me it's wrong. I used to be a lawyer. I believe that the private parties did nothing wrong. The Committee approved 13–2 supporting civil liability reform.

How important is the support of the private parties to your agencies in getting the operational successes?

Director MUELLER. Well, I would say in protecting the homeland it's absolutely essential. It's absolutely essential we have the support, the willing support, of communication carriers.

In this day and age, our ability to gain intelligence on the plans, the plots, of those who wish to attack us is dependent upon us obtaining information relating to cell phones, the Internet, e-mail, wire transfers, all of these areas. My concern is that if we do not have this immunity, we will not have that willing support of the communication carriers.

I know there has been some discussion of having the Government substituted as a party, but I do think that that includes—if that were passed, it would be a disincentive still to the communication carriers to give us the support we need to do our jobs.

It would entail depositions. It would entail public hearings. And there would be a substantial disadvantage to corporations, communication carriers to assist us willingly at a time when we need it more than ever. Consequently, I strongly support the provision for giving immunity to the communication carriers so that we do have the support of those carriers and remove the disincentives.

General HAYDEN. Mr. Vice Chairman, I support it in two jobs, the current one and one job once removed at NSA. I strongly support what Director Mueller has just stated with regard to carriers, but there are other relationships that we have that enable American intelligence that I'm more familiar with in my current job at CIA.

And let me reinforce one thing that Director Mueller pointed out. These are very fragile relationships. We lost industrial cooperation at the CIA with partners on the mere revelation of the Swift program in public discourse, not because they were doing anything related to that program whatsoever, but just the fear that the vulnerability they would have to the smooth functioning of their business had caused people who were otherwise patriotic and committed to back away from their totally lawful cooperation with our agency.

Vice Chairman BOND. My apologies, Mr. Chairman, but I thought that was important to get that in.

Chairman ROCKEFELLER. I appreciate it.

And going on the early bird rule, as we always do, Senator Feinstein?

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

General Hayden, I wasn't going to discuss this, but since it was raised, it is true that you have briefed the Intelligence Committee on the interrogation techniques, which are called "enhanced," which I called "coercive," and they have changed. And they have been reduced in number.

I'd like to ask this question. Who carries out these techniques? Are they Government employees or contractors?

General HAYDEN. At our facilities during this, we have a mix of both Government employees and contractors. Everything is done under, as we've talked before, ma'am, under my authority and the authority of the agency.

But the people at the locations are frequently a mix of both—we call them blue badgers and green badgers.

Senator FEINSTEIN. And where do you use only contractors?

General HAYDEN. I'm not aware of any facility in which there were only contractors. And this came up——

Senator FEINSTEIN. Any facility anywhere in the world?

General HAYDEN. I mean, I'm talking about our detention facilities. I want to make something very clear, because I don't think it was quite crystal clear in the discussion you had with Attorney General Mukasey.

We are not outsourcing this. This is not where we would turn to firm X, Y or Z, and say, "This is what we would like you to accomplish. Go achieve that for us and come back when you're done." That is not what this is. This is a governmental activity under governmental direction and control, in which the participants may be both Government employees and contractors, but it's not outsourced.

Senator FEINSTEIN. I understand that.

General HAYDEN. Good.

Senator FEINSTEIN. Is not the person that carries out the actual interrogation—not the doctor or the psychologist or supervisor or anybody else, but the person that carries out the actual interrogation—a contractor?

General HAYDEN. Again, there are times when the individuals involved are contractors, and there are times when the individuals involved have been Government employees. It's been a mix, ma'am.

Senator FEINSTEIN. Why would that be?

General HAYDEN. The best individual available at that moment for the task. In many instances, the individual best suited for the task may be a contractor.

Senator FEINSTEIN. OK.

I'd like to ask Director Mueller this question. An FBI special agent, George Piro, was on "60 Minutes" recently talking about how he conducted a lengthy interrogation with Saddam Hussein and how Hussein came to divulge many, many things I think not clearly known to the world before, such as the fact that, yes, he did not have weapons of mass destruction. He let the world believe he had weapons of mass destruction, and the reason he did so was because he feared an attack not from the United States, but from Iran.

What techniques did Mr. Piro use to get this information, Director Mueller?

Director MUELLER. It was a technique that was utilized over a period of time, which was building a bond, a relationship, a structured relationship, where Saddam Hussein believed that George Piro was the individual who controlled his everyday movements, his ability to have access to pen and paper, for instance, and developing a relationship over a period of time, which included a number of discussions in which a particular subject could be introduced and information elicited.

Senator FEINSTEIN. And clearly it worked very well.

Director MUELLER. We believe so.

Senator FEINSTEIN. Does the FBI use the same techniques that the CIA has authorized?

Director MUELLER. It has been our policy not to use coercive techniques.

Senator FEINSTEIN. Do you follow any of the techniques or, I should say, protocols, the 18 that are put forward in the Army Field Manual?

Director MUELLER. Well, our policy has been fairly clear, from as long as certainly I've been there, and that is we do not use coercive techniques of any sort in the course of our interrogations, which we find in the course of interrogations, given that they are conducted generally within the United States, often most times U.S. citizens, to be sufficient and appropriate to the mission that we have to accomplish.

Senator FEINSTEIN. General, is it fair to say that all members of the military use the Army Field Manual?

General MAPLES. Yes, ma'am, that's true.

Senator FEINSTEIN. So then it's safe to say that the only organization of the American Government that does not is the CIA? Is that correct?

General MAPLES. I didn't hear Director Mueller say that they actually used the Field Manual. But within the Armed Forces, we do use the Army Field Manual as our guide.

Senator FEINSTEIN. So, Admiral McConnell, then the only organization of Government that uses coercive interrogation techniques really is the CIA, is that not correct?

Director MCCONNELL. The only one to my knowledge, yes, ma'am.

Senator FEINSTEIN. And I was reading a New Yorker article about your interview on the subject of waterboarding and coercive interrogation techniques, and I gather that you felt that, for yourself, if used, waterboarding would, in fact, constitute torture. Is that correct?

Director MCCONNELL. No, ma'am, it's not correct. The discussion was about something entirely different. It was a personal discussion about when I grew up and what I was doing as a youngster.

And the discussion was framed around being a water safety instructor. Some people—I'm one of them—have difficulty putting my head underwater. If my head goes underwater, I ingest water in my nose.

So what I was having the discussion with the journalist is about being a water safety instructor and teaching people to swim. He said, "Well, what about when water goes up your nose?" And I said, "That would be torture." I said, "It would be very painful for me." Then it turned into a discussion of waterboarding.

Ma'am, I made no statement or judgment regarding the legality of waterboarding. We've discussed it openly here what it is. Waterboarding taken to its extreme could be death. It could drown someone.

Senator FEINSTEIN. Then the quote that I'm reading directly from the article, "Whether it's torture by anyone's else definition, for me it would be torture," is not correct?

Director MCCONNELL. I said it—and what I was talking about was water going into my nose, given the context of swimming and teaching people to swim. So it's out of context.

Now, when the journalist was checking facts, he called me back and said, "Here's what I'm going to say." And I said, "That's not the subject of our discussion, and I ask you not to put that in the article." We argued for 90 minutes. I said, "That will be taken out of context. It is not what our discussion was all about." And he said, "Well, you said it. It's in my article. It's out of my control." So here we are. I said to him, "I will be sitting in front of a committee having this discussion, arguing about what I said that was totally out of context."

The question, is waterboarding a legal technique? And everything I know, based on the appropriate authority to make that judgment, it is a legal technique used in a specific set of circumstances. You have to know the circumstances to be able to make the judgment.

Senator FEINSTEIN. One last question.

Director MCCONNELL. Yes, ma'am.

Senator FEINSTEIN. Would you support having the Department of Justice opinions on this subject, which we have asked for numerous times, being made available to the Committee?

Director MCCONNELL. The Committee has an oversight role that should entitle it to have access to the appropriate information. And I've said that to you and to the Chairman, the Vice Chairman, on any number of occasions. So you know my position.

Senator FEINSTEIN. Thank you.

Thank you very much, Mr. Chairman.

Chairman ROCKEFELLER. Senator Whitehouse?

Senator WHITEHOUSE. Thank you, Mr. Chairman.

Just to follow up a little bit on Senator Feinstein's questions, General Hayden, I just want to give you a chance to review your testimony here that those who conduct the interrogations are not 100 percent contract employees, that they are actually a mix of contract and CIA employees?

General HAYDEN. Senator, if you're looking for a specific example or a specific place, I'd have to check the facts. But in the history of the program, the interrogators that I'm aware of have been a mix of contract and Government.

Senator WHITEHOUSE. How about if you narrow the program to waterboarding?

General HAYDEN. The real answer is I don't know. I'd have to check, Senator.

Senator WHITEHOUSE. OK. I think that helps clarify.

General Maples, doesn't the Army often, or military in general, face life-or-death decisions depending on what information it can extract from prisoners?

General MAPLES. Yes, sir, I'd say that's true, yes.

Senator WHITEHOUSE. It could be whether battleships with crews of thousands get torpedoed. It could be locations of V–2 missile sites that land on London. It could be all sorts of things, correct?

General MAPLES. All sorts of information that could be derived from an interrogation, yes, sir.

Senator WHITEHOUSE. And could save thousands, tens of thousands, large numbers of lives?

General MAPLES. It could, yes, sir.

Senator WHITEHOUSE. And notwithstanding those stakes, the Army has adhered in its interrogation techniques always to the Army Field Manual?

General MAPLES. Certainly since the recent Army Field Manual was published and it became law, that we would adhere to that, that is what the Armed Forces of the United States train to, and that's what we practice.

Senator WHITEHOUSE. Thank you.

Director McConnell, recently—in fact, today—a prominent acolyte of the Bush administration on foreign policy and intelligence matters has described your National Intelligence Estimates as politicized and policy-oriented. He describes them of sufficient demerit that they put the intelligence community's credibility and impartiality on the line.

He says that the NIE was distorted, that in order for it to be objective it would have to be rewritten, that it involved sleight-of-hand, and grossly mischaracterizes the subject at hand, and that is infected with policy bias as the result of the work of policy enthusiasts within the intelligence community.

Obviously, the entire discussion we've had today is of very little value or significance if the underlying intelligence estimate process is corrupted either by policy bias, or distortion, or gross mischaracterization, or politicization.

Would you care to comment? Because it sort of had been my impression that we were in recovery from that and not in that state, but I think it would be worth it to hear your views on where the integrity of the intelligence community stands at this point, and specifically with regard to this NIE.

Director MCCONNELL. Sir, I'd start by saying that the integrity and the professionalism in this NIE is probably the highest in our history, in terms of objectivity, and quality of the analysis, and challenging the assumptions, and conducting red teams on the process, conducting a counterintelligence assessment about were we being misled and so on.

So I would start by saying that the article you referred to is a gross misrepresentation of the professionalism of this community.

Now, from there I would say, depending on one's political perspective, you can pick up what this NIE has to say from different points of view. And I can also report that both sides are angry with how we represented this NIE. Therefore, we probably got it about right.

Here was the issue. In the history of NIEs, there have been very, very few—I think I could number on one hand—that have been made public, unclassified key judgments. We got into that mode because it was highly politicized and charged when we were doing NIEs on Iran, Iraq and the terrorism threat. There was an expectation.

Now, I made every attempt to establish a policy consistent with some of the views that were acknowledged or stated earlier about having our work be done in a confidential way and made available to those in the administration and in the Congress who need to do their work, where we're dealing with classified information.

And I worked that policy. I coordinated. I notified the Committees this was going to be how we were going to go forward. And then we had a dilemma.

I promulgated my policy in October. We were working through this analysis, had been working from the summer, coming to closure in November. And the issue for us was that my predecessor, Ambassador Negroponte, and me were on public record making statements about Iran that were different from our conclusion.

So now my dilemma was: I could not not make this unclassified.

Now, so we finished the debate and the dialog on the 27th of November. We briefed the President on the 28th of November. And the issue was the position had changed somewhat.

As I mentioned in my opening remarks, there are three parts to a nuclear program. The only thing that they've halted was nuclear weapons design, which is probably the least significant part of the program. So then the question became: What goes in unclassified key judgments? Now, we had closed and I had signed on the 28th of November the classified key judgments. So my dilemma now is I can't make them different when I do unclassified.

So now we're in a horse race. I've got to notify the Committee. I've got to notify allies. I've got to get unclassified out the door. So if I'd had until now to think about it, I probably would have changed a thing or two.

But let me make a point. I've anticipated your question. I want to go to the first key judgment and to make reference to the article that you referenced in your remarks.

First one, "We judge with high confidence that, in the fall of 2003, Tehran halted its nuclear weapons program." Footnote, put it right here on the front page so everybody would see. We don't want to make any mistakes. We don't want to mislead anybody.

"For the purposes of this estimate, nuclear weapons program, we mean Iran's nuclear weapons design and weaponization work and covert uranium conversion-related and uranium enrichment-related work."

So now, to someone who's familiar with weapons—and this is the effort—that's part of a program. Now, the argument in our group was we can't just say that. We've got to attach it so it's colon—pardon me, semi-colon, same sentence, semi-colon. "We also assess with moderate to high confidence that Tehran at a minimum is keeping open the option to develop nuclear weapons."

We tried every way we could to put it all right in the beginning. It depends on your perspective of how you pick up the issue.

Senator WHITEHOUSE. Thank you, Admiral.

Thank you, Chairman.

Chairman ROCKEFELLER. Gentlemen, I regret to say that we have an inconsequential, thoroughly unsubstantive, reflective difficulties on the floor between the two political parties vote, and we have 4 minutes left. So I'm going to recess this for about 6 minutes.

Senator BAYH. Can I go ahead with my questions?

Chairman ROCKEFELLER. Yes, go ahead.

I'll call on Senator Bayh, if you can run fast.

Senator BAYH. I'm going to go ahead with my questions and then run over for the vote, if that's OK, because I'd like to follow up on Senator Whitehouse's questioning.

Director, I don't agree with the aspersions that were cast upon the quality of the work of your people in the article that Senator Whitehouse referred to, but I do think the work has been mischaracterized in the public domain, as you were pointing out. And it's had some unfortunate consequences.

As a matter of fact, it may very well have made it more difficult to achieve the result that our Nation was hoping for, which was to find a way to end the Iranian nuclear program without resorting to force. It's made diplomacy much more difficult because of the way this was received around the world, including by the Iranians, the Russians, the Chinese, and others.

You just mentioned that if you had to do it over again without the heat of the moment, some time to reflect, you would have changed a couple of things. What would you have changed?

Director MCCONNELL. I think I would change the way that we described nuclear program. I may have put it up front with a little diagram, what are the component parts, so that the reader could quickly grasp that a portion of it—I would argue, maybe even the least significant portion—was halted and there are other parts that continue.

Senator BAYH. Just to clarify the record—and I'm referring only to the public NIE, and I've read it—my synopsis of it—and I'd be interested if any of you would disagree with this—was that they had an active all three components, fissile material creation, weaponization, delivery systems, all those were going forward.

They decided a few years ago to suspend one component, as you characterize it, the least consequential of the three, at least temporarily they decided to suspend it. They could recommence that at any point in time.

Director MCCONNELL. They could.

Senator BAYH. It would be very difficult for us, as I think you pointed out, to know when they have recommenced that. And ultimately, given their industrial and technological capabilities, they are likely to be successful. We don't know exactly when, but ultimately they're likely to be successful.

Director MCCONNELL. Yes, sir.

Senator BAYH. Is that a fair synopsis?

Director MCCONNELL. That's exactly right. And that's what the unclassified—if you read them all the way through—the unclassified key judgments make that point, and then there's the full body of the 140 pages of the National Intelligence Estimate.

Senator BAYH. Well, so my question to you is, you know, it's difficult when we just have one footnote that kind of clarifies the thing. How can you and your people go about presenting this in a way that is more likely to have a balanced presentation of your beliefs to avoid the kind of problem we've now got ourselves in going forward?

And how can you think through the consequences of the report? Because it's had unintended consequences that, in my own view, are damaging to the national security interests of our country.

Director MCCONNELL. Sir, it's a challenge. We tried in the time we had left to do just what you said. I thought at the moment, at that point in time, we had gotten good balance. In retrospect, as I mentioned, I would do some things differently.

But let me make a couple of points. As you might imagine, I have focused very intently on Iran and the aftermath of this. And there's a debate in Iran now. And some are debating that this is not a good news National Intelligence Estimate; it's a bad news National Intelligence Estimate, because that means that international pressure and diplomacy efforts will be increased and sanctions will be enforced to hurt their economy.

And, in fact, the permanent five-plus-one, Germany, they've just come to closure and agreement on new sanctions, and they're going to take it to the United Nations.

Senator BAYH. Are the Russians and the Chinese in accord with this?

Director MCCONNELL. They are.

Senator BAYH. They are?

Director MCCONNELL. Perm–5.

Senator BAYH. Well, I will be heartened and I will be pleasantly surprised if they do more than verbally express their support, but actually take the tough steps necessary.

Director MCCONNELL. U.K., France, the United States.

Senator BAYH. How do you interpret the Russians, almost immediately after the issuing of this NIE, their beginning to supply the nuclear material to the Iranians for their reactor?

Director MCCONNELL. Sir, I think to help the background of that, I think they're actually helping make the point. Here's the issue. First of all, the Iranians are pursuing a fissile production capability.

The Russians, in negotiating with them, said to them: We will provide you what you need to run a peaceful reactor, but everything is absolutely under our control. The material is provided, the plutonium that's produced, it has to go back to Russia, and so on.

Russia's also making the argument to the Iranians: The fact you're running an independent uranium enrichment program makes you suspect. You have no need for it.

Senator BAYH. I agree with all that, and I've got a little bit of time left here, so I guess, since I'm the last person standing, I'll have to recess the hearing and run on over there. But I agree with all that.

But they had held up the delivery beforehand, I assume to make the point to the Iranians, look, you know, you've got to get your act together on some of these other things, because this is the pathway forward. And then they immediately took that pressure off.

Director MCCONNELL. But it's because the Iranians, in fact, agreed to these very strict controls. So my view is they were, in this dialog, actually supporting the program that had been initiated on a diplomatic level to impose sanctions through the U.N.

Senator BAYH. Well, good. Let's hope that that proves to be the case going forward.

My last question—and General Hayden——

Mr. FORT. Senator, excuse me, if I might add, just in terms of the Russian and Chinese attitudes, there are existing U.N. sanctions against Iran as a result of their failure to abide by the will of the international community, to which China and Russia have been compliant.

And we are now negotiating another round of sanctions against Iran. So they have not withheld—or they have not, I should say—the Russians have not just totally opened up the floodgates in the one instance that you indicated, but the U.N. sanctions still stand against Iran.

Senator BAYH. Well, that's true. But the question is whether the sanctions will be effective. And some observers believe that a little more needs to be done there to try and finally get the Iranians in the place they need to be.

Mr. FORT. That's why the Secretary of State is continuing to pursue exactly that course of action to impose yet additional sanctions.

Senator BAYH. My last question, and then I'll turn this over to my colleague, General Hayden, it may be for you. It's about Pakistan and the tribal areas.

It's unfortunate, but I was interested to hear about the fatalities that the Pakistanis have suffered, the other casualties they've suffered. Is it not possible that they may make a good-faith effort to try and stabilize that region, but it is just beyond their ability to accomplish, which will then present us with a real dilemma?

We saw what happened in Afghanistan many years ago, when we allowed a lawless area to become essentially controlled by bad actors. We don't want a repetition of that. At the same time, if we insert ourselves, there's a real risk of destabilizing an already fairly tenuous regime.

How do we strike that balance? And when do we conclude that, if the Pakistanis simply can't do it by themselves, that we have to do more and essentially say, "Look, if you can't do it, we're going to have to do more, and we're going to do what we need to do here, because we can't afford to have a repetition of the Afghan situation"?

How do we strike that balance? And when do we conclude that the balance of risks has tipped against us not acting, as opposed to acting?

General HAYDEN. Yes, sir. And I can elaborate more in closed session, but there's a lot that I think can be said in open.

As the Admiral pointed out, these are good partners. We've worked very closely with the Pakistanis.

To be fair, if you look at the history of our cooperation, we have been most successful in cooperating with our Pakistani partners in the settled areas of Pakistan, in which, number one, obviously, they have a more powerful presence, but, number two, I think there's more commonality of view between us and our partners that this is a threat to both of us.

In the tribal area, I think it's fair to say, over a fairly long period of time and the Pakistanis were concerned about it, but the threat emanating from the Federally Administered Tribal Areas, the FATA, they could say, with some justification, was more a threat outside of Pakistan than it was to Pakistan, per se.

Senator BAYH. General, I apologize.

General HAYDEN. That changed.

Senator BAYH. Can you continue with your explanation for my colleague? I look forward to reading it, and I will return. Apparently, they're holding the vote just for me. So far be it for me to bring the Senate to a standstill.

But I appreciate your response. If you would please conclude it, I will return.

General HAYDEN. Yes, sir. I think the new piece analytically is now that our partners in Pakistan understand that this is a Pakistani problem. And the threat coming out of the tribal area is now as much a threat to the health and well-being and identity of Pakistan.

Senator BAYH. I'm glad they have that understanding. My question went more to capabilities. They may just not have the ability, even if they're well-intended, and then what do we do?

General HAYDEN. And if you meet with them, you meet with the best of them and have candid discussions, that is absolutely the case. And, therefore, we are in a period of time in which I think there is commonality of interest, commonality of intent, that Pakistan's capacity to do some of the things we both would like to see happen in the tribal area is limited.

And now we come into this period of time, what is it both of us do in this period in which they must build capacity, and yet the threat currently exists? And we may be able to talk about that more in closed session.

Senator BAYH. Look forward to it.

Chairman Wyden?

Senator WYDEN [presiding]. Gentlemen, I think I can apologize for all of us that this is a particularly chaotic morning, and we appreciate your patience.

I'd like to start with a different tact for purposes of my questioning. As I look at where terrorists get their money, I increasingly find that the dial points to Saudi Arabia. There are press reports that 50 percent of Hamas's budget comes from Saudi Arabia, Saudi citizens providing the majority of financing for al-Qa'ida in

Mesopotamia, and it all flows through the madrassas and the cultural centers and scores of charities led by Saudi nationals and organizations based in Saudi Arabia.

So I think my first question would be for you, Director McConnell, and you, General Hayden. Is it correct to say that private donors within Saudi Arabia continue to be a major source of funding for terrorist groups?

Director MCCONNELL. Senator, I'd have to agree that a major source of terrorist funding would originate with private donors in that region of the world. When you look broadly across the globe, the majority would come out of the Middle East.

But now some, just to be complete, some of the contributions to these terrorist efforts actually originate here in the United States. I mean, it's not out of the question that it would originate here.

So if you look at the region, the Middle East is the majority, and the Saudis have recognized this, particularly since they were attacked internally some years ago. And they have been very forceful in attempting to turn the tide, to include engagement with the schools and the mosques and the religious establishment in Saudi Arabia to start to change this situation.

It's not completely turned around, but it is being addressed.

Senator WYDEN. I like the first part of your answer, General, and have questions about the second part.

Now, 4 years ago, the Saudi Government announced that it would form a charities commission to oversee charitable donations and keep them from being used to fund terrorism. So there was this big, much-ballyhooed announcement 4 years ago.

But as of today, this commission still has not been established. So my sense is that this is concrete evidence that they still aren't particularly serious about stopping money from flowing to terrorists who are outside their country.

Isn't that again a signal that while the rhetoric may sound like they want to be supportive, it's just not happening when you look at the concrete signals like the foot-dragging on the charities commission?

Director MCCONNELL. Sir, I'm not familiar with the specific charities commission that you're referring to. Maybe General Hayden—I'll turn that over to him.

But let me be very clear about my point of view, having come back to Government just one year ago. I focused on this issue because it was a personal interest and because it's important. And what I have observed are major steps on the part of the Saudis to be more serious and more engaged on this topic. And the one I'm familiar with is here in the United States.

What I was concerned about as a private citizen is support coming from Saudi for schools here in the United States contained language that we should not tolerate. And that process has been addressed. It's been cleaned up and so on. And so is it 100 percent complete and effective? No. But concrete steps are being taken.

Senator WYDEN. I want to let the general answer, but, Admiral, take a look at the foot-dragging on the charities commission. I think it is a powerful signal that the follow-through still isn't there.

General, do you want to add to that?

General HAYDEN. Yes, very briefly, Senator. Thank you. I think you're right. Last time I checked, that was my understanding of where the charities commission was, but I haven't looked at it for a period of time, so I don't challenge your conclusion there.

That said, Saudi Mabahith head Prince Mohammed bin Nayef, has actually moved their game into this region for the first time. As the Admiral suggested, they got real serious about threats in the kingdom. They have done very, very well in taking care of al-Qa'ida there.

The last piece and the one that we've urged greater energy on them has been with regard to funding. And as the Admiral points out, this is a difficult one for this good partner, because it's wrapped in amongst alms giving and religious education and charity and so on. And so there are some cultural challenges for our partners to take this on as thoroughly as we might want. But I've talked to Mohammed bin Nayef, our counterpart there for the internal service. These have been very candid discussions.

And I think—and we should probably get you a paper on this, Senator—there have been very concrete steps taken by the Saudis against donors, admittedly with this commission not yet up and running.

Senator WYDEN. Let me see if I can get one other question in on the interrogation issue, because I know while I was out there was a fair amount of discussion about that.

I think the concern has always been—certainly, the concern of an American in a dangerous time is—is it going to be possible to get information from these ticking time bombs, people who have information who represent a very serious and immediate threat to the wellbeing of the country.

And my question on that point is for you, Director Mueller, and that is do the FBI—and perhaps we can bring the military folks in on this as well—use noncoercive techniques on individuals who have this time-sensitive threat information?

Director MUELLER. Yes. As I indicated before, our policy states we will not use coercive techniques in the course of questioning suspects, subjects of our investigations. And there is no timeframe given.

Senator WYDEN. And is it fair to say—this is an open session; I've touched on this in the past in open sessions as well with some of your people—that these noncoercive techniques that are being used by the department now can be effective in dealing with these time-sensitive ticking time bomb situations that the American people are so concerned about?

Director MUELLER. The general answer is yes. But again, it depends on a circumstance. Yes. And as I have expressed before, our techniques, I believe, are appropriate to the success of our mission.

Senator WYDEN. I'm going to ask you some more about this in closed session.

But, Mr. Chairman, thank you. And I got a little bit of extra time, I gather, since everybody is running back and forth, and I appreciate it.

Chairman ROCKEFELLER [presiding]. Thank you very much, Senator Wyden.

Senator Warner is next, but he's not back yet, so I'm going to take advantage of the regular order and ask you, Director Mueller, to discuss something which you brought up which has had almost no discussion in this country at all.

There's occasional discussion when it comes to, you know, is Baltimore safe as a port, et cetera, et cetera, et cetera, but—rail lines—but there's been no kind of comprehensive discussion of it.

I would like to have you talk, if you can, for a full 5 minutes about what you said, and that is the threat of terrorism within the United States of America.

Director MUELLER. I refer to it on three levels. The first is al-Qa'ida itself, bin Ladin the core, which has been described here previously, and the Fatah.

And the second level is individuals who are not necessarily directed from the outset, and the planning is not accomplished by core al-Qa'ida, but have some ties to al-Qa'ida, whether it be financial or recruiting or otherwise.

And the third level is self-radicalized without any ties whatsoever to al-Qa'ida.

The threat here in the United States is principally, at this juncture, we believe, self-radicalized groups with no ties to al-Qa'ida. Two of those instances we rolled up last year. One related to the plot against JFK. The other related to the plot against soldiers at Fort Dix.

However, there are individuals in the United States who are philosophically, ideologically, associated with al-Qa'ida who recruit, finance and would have the capability of providing a support mechanism to somebody should they come in the country, much in the way there was unwitting support for the 19 hijackers as they came into the United States before September 11th.

And our great concern is that there will be operatives that come to the United States, whether it be from Europe or elsewhere, that will come in with the goal of undertaking a terrorist attack.

If you look at what has happened—transpired recently in the U.K., in 2005, July 7th, July 21st attacks, if you look at the recent—one was a successful attack; the other was aborted—or not aborted; was not successful—if you look at the recent detentions in Barcelona, Spain, these were individuals who had association with al-Qa'ida, traveled to Pakistan, gained perhaps some financial backing but certainly the training that they brought back and had a cadre of individuals that were available to undertake attacks.

Our concern, great concern, is that while it is happening in Europe—it is one plane ticket away from occurring in the United States.

And consequently, it's that middle level that may be self-radicalized at the outset but then, because of the close association, familial associations, with Pakistan gets training in Pakistan, gets support in Pakistan, and comes back, utilizes a network to undertake an attack, would be not satisfied with undertaking an attack in Europe but undertake an attack in the United States.

Chairman ROCKEFELLER. And I understand that. What I'd like to get you to focus on for a minute or so is that which is carried on by people who have become disaffected either through unemploy-

ment, which now presumably will grow, through the example of a cause, the attraction to a cause.

And it may not be that they actually go to al-Qa'ida or get their training in Afghanistan, but they simply decide to create malevolent actions within the United States for purposes which can either be twisted or which reflect their fundamental unhappiness within the American society as it's held before them in many ways.

Director MUELLER. I think that is a possible explanation for certain actors who would take the dissatisfaction, the disenfranchisement, in the United States and couple it with the radical Islamic ideology and the two would reinforce each other.

What you also see, in a number of these instances around the globe, well educated, relatively well off individuals who also have subscribed to this ideology who undertake such attacks. The most recent one that comes to mind is the doctors in the U.K. who—not last summer; I think it was the summer before—attempted to bomb a nightclub in London—that did not work—but then drove a car into the airport at Glasgow.

These were doctors. These were not persons who were unemployed. They are not persons who lacked skills.

And consequently, while you can look at some individuals who may have motivation, given their current financial circumstances, you cannot rule out others who would undertake attacks for other reasons but do not suffer from the same disadvantages.

Chairman ROCKEFELLER. In 30 seconds, if you can, do you see the trend within the United States—or let me say this. Are we not paying enough attention to this—not referring to the FBI, but referring to the American people, to the American news media—to the discussion?

The discussion is always attracted to, you know, firebombs, and destruction overseas, and loss of life, and yet the Richard Reid situation indicated that things can happen in other ways also, and that was very early; therefore, maybe not less relevant.

But people become attracted to a cause. People have to have some meaning in their life. They're disenfranchised economically or in their own minds, and they want a cause to give their life meaning, even though it's malevolent meaning. It's a very powerful factor. And I would think that America is no less immune to that than, let's say, parts of Africa, although it may not be as developed. I just want to hear you talk about that, unless you find my question inappropriate.

Director MUELLER. No, I would agree with the premise of the question in terms of persons who fall prey to that malevolent ideology as something that we are tremendously concerned about. There can be any number of causes.

Do we pay enough attention to that? My concern is that we're several years away from September 11, and inevitably there is a complacency that begins to take hold when there is nothing immediately happening. And I do worry about complacency. I do worry about early intervention, early identification of individuals who fall prey to the ideology. I can tell you we and our counterparts, DHS and State and local law enforcement, through our Joint Terrorism Task Forces, are alert to this.

But it also takes representatives of the communities in which this can occur to be alert to it, and not turn a blind eye toward it and to alert us when there are the signs that somebody is becoming radicalized and getting to the point where it is beyond the discussion stage and to the point where they take an overt act in pursuit of a particular plot or conspiracy.

Chairman ROCKEFELLER. So to sum up, then, you do not have to be Russian, Chinese or somebody else in order to do cyberterrorism. You can do that as an individual, untrained in Afghanistan or Pakistan, from within the United States if you're angry enough about something that you think that by doing that you will bring meaning to your life simply because you feel disenfranchised.

Director MUELLER. Yes. Meaning to your life—you know, even if you are not disenfranchised, it brings additional meaning to your life. You can be a college student in Atlanta or elsewhere.

Chairman ROCKEFELLER. Or a doctor. You're correct.

Director MUELLER. And we've had instances along those lines.

Chairman ROCKEFELLER. I thank you, sir.

And I apologize to Senator Warner, whose turn it now is.

Senator WARNER. Thank you, Mr. Chairman.

And I want to say to Director McConnell and each of his associates here today that Americans have got to take great pride in what you and your respective organizations are doing to preserve freedom as we so cherish it here in this country.

You represent now under the new law, having brought together and integrated our intelligence, the finest professional group of men and women to be found anywhere in the world who devote themselves solely to the preservation of the freedoms of this country. And I want to commend each of you.

And I want to go back to our distinguished Chairman and Ranking Member and their comments about the current FISA debate in the Senate and once again look at your paragraph, Director McConnell, where you say, "Expiration of the Act would lead to the loss of important tools the intelligence community relies on to discover the plans of our enemies."

And you've particularly reemphasized this Committee having voted 13–2 to give retroactive liability protection to the private sector which have stepped up to work with this community. And I just wanted to emphasize that the motivation of private companies to come forward and participate in this program, they're may be some reimbursement for cost, but it's purely for patriotic reasons. Am I not correct in that?

Director MCCONNELL. Yes, sir, that's correct.

Senator WARNER. General Hayden?

General HAYDEN. Yes, sir, absolutely correct.

Senator WARNER. Director Mueller?

Director MUELLER. Correct.

Senator WARNER. You know, I, on the floor, working with my colleague here on a colloquy one day, I likened the activities of these corporations in America to the all-volunteer force. Each of the men and women in our Armed Forces today have raised their hand and have volunteered to step forward and proudly wear the uniforms

of our country and to assume the risk and their families to share in those burdens.

So I look upon these companies as part of the all-volunteer force in the general matrix of people in this country trying to ensure our freedoms and safety. So I'm going to fight ever so strongly with my two colleagues on my right here to get this done.

Let's turn now to your comments on Iraq, Director McConnell. You say, "The security situation in Iraq continues to show signs of improvement." And in response to questions from the Chairman and the Ranking Member, you amplified about the provincial elections coming up, how pivotal they are, and the hydrocarbon law.

But I want to step back, and I look at this in the context of another responsibility that I have here in the Senate on the Armed Services Committee and our urgent need to reduce the time of tours of duty from 15 months down to a more realistic, and hopefully a lesser, 12 months, and then perhaps even a shorter tour.

Because, I have to tell you, I visited with the Army officials here in the last day or two, and we're going to have hearings in the Armed Services Committee. This conflict is taking its impact on our all-volunteer force. We're asking an awful lot of these men and women who have repeated tours over there and the burden on their families and their ability, as Reserve and Guard, to reintegrate into civilian life.

So I want to ask you this question. What is your level of confidence that there will be continued signs of improvement in the coming year? Hopefully that will translate in our ability to shorten the tours. Is it a high confidence that we'll continue to see signs of improvement, medium confidence, or low confidence?

Director MCCONNELL. Sir, I would say medium confidence on my part, and hopefully that would improve in time. As I mentioned, the leadership in Iraq, they're learning how to govern and how to compromise and how to do this business, a few key pieces of legislation.

But as this goes forward, having an Iraqi security force that's professional—so that's a training component for us. So I see a path that gets us to what you suggested, in addition to shortened tours, to also having a role more in overwatch, where we're training and assisting and equipping, as opposed to actually engaging in the security applications.

Senator WARNER. You list here very carefully all of the things that are taking place over there that are of concern. We still have just an extraordinary amount of Shia insurgency with various groups, and the fragility of the Sunnis, who have tried to cooperate and are now beginning to, certainly in Al Anbar, keep things quieter.

But if you had to list the two greatest risks to reversing this trend of continued improvement, what would they be?

Director MCCONNELL. First would be Iran and Iran's role in how they play, equip, and support, and cause issues.

And the second would be the Shia-on-Shia dialog. There's one large group referred to as Jaysh al-Mahdi, which Muqtada al-Sadr is responsible for, and then there's the group, ISCI, we refer to it as a shorthand, which is a political party.

And if those two can learn to work together and compromise, and the Kurds also have a role in having participation and compromise, and the Sunnis will come into that group for dialog and constructive engagement, then they're going to be successful. But it's going to—the single most thing in the short term would be Shia-on-Shia, in my view.

Senator WARNER. Do you share, Director Hayden, with Director McConnell's assertion that it's a medium confidence? Is that the level that you have?

General HAYDEN. Yes, sir, I do, Senator. I do. And I agree with how he racked up the different factors.

I would add one additional thought. I know you're aware of this, but I need to make it explicit. The enemy gets a vote, or the enemy gets the appearance of a vote. So there is the possibility that al-Qa'ida in Iraq, for example, which I think is the one most capable of doing this, could create the appearance of lack of progress by extra exertion, as we talked last year when we had this discussion, kind of visiting hell on the civilian population.

And so I'd just caution for all of us to be careful about the underlying realities that are happening, because there can be these violent spikes that are engineered by the enemy. And that's what I meant by his getting a vote in this.

Senator WARNER. The key word is "spikes," though. That indicates what goes up comes down in a short period of time.

General HAYDEN. Yes, sir, that's correct. That's right.

Senator WARNER. But the general sort of plan, that it's continuing to ratchet down, not as fast as we would hope, but it is in that direction, you have a medium confidence that will continue?

General HAYDEN. Yes, sir, I think that's right.

Senator WARNER. General Maples?

General MAPLES. Sir, I would agree with that, also, that assessment, moderate level. I think there are a lot of variables that are at play that have caused a reduction in violence that we have seen in Iraq.

And I think that, clearly, the Shia restraint is one of the key variables here. The freeze that has been imposed by Jaish al-Mahdi, Shia-on-Shia cease-fire that has been agreed to I think is key to being able to maintain this.

And on the other side, the local initiatives that have taken place, which al-Qa'ida in Iraq is doing its best right now to try to undo, they have to be sustained.

Senator WARNER. I thank you.

Let me proceed to Afghanistan, Director McConnell. Looking page 18—I'll just read it to you—"The Taliban and other insurgent groups operating in the poppy-growing regions gain at least some financial support as a result of their ties to the local opium traffickers."

This situation with regard to the drugs is just, in my judgment, almost out of control. And to date, neither NATO nor the United States working with our partners have been able to come up with what I believe is a strategy that's going to begin to ratchet down the increasing levels of poppy and opium traffic.

And as you say here, I think you've put it a little too mildly for me, that the Taliban may be getting financial support. I think a

lot of financial support is flowing to the Taliban, which enables them to buy weapons and then fire those weapons right at U.S. troops and to the NATO troops.

And I think that's just unacceptable. Do you have any views as to what could be done to strengthen—of course, this is a policy question—a cessation of this source of cash, ready cash to the Taliban?

Director MCCONNELL. Sir, I would say there are two major issues. You touched on one. That is a serious program that not only eradicates, but provides an alternative to the Afghan farmers that need a way to make a living and so on. So that's the challenge. How can you effectively do that? And so far, we haven't come up with the right combination.

The second part, it is also in Pakistan with regard to the Federally Administered Tribal Areas, where not only al-Qa'ida has some de facto level of sanctuary, but some Taliban members have de facto sanctuary for training, and equipping, and rest and recuperation, and so on.

So if we find a way of addressing those two issues, and then we take offensive operations with regard to the Taliban insurgents, I think progress would be a little more forthcoming.

Senator WARNER. But that drug trade is the cash-flow that's keeping Taliban alive.

Director MCCONNELL. Yes, sir.

Senator WARNER. General Hayden?

General HAYDEN. Yes, sir, Senator, I'd agree. If you look at the circumstances in Iraq and Afghanistan, they're very different. I would suggest to you the single biggest difference between the two countries, in trying for us to translate tactical success into strategic success, the single biggest difference are the drugs in Afghanistan.

Senator WARNER. The drugs.

General Maples?

General MAPLES. Sir, I agree.

Senator WARNER. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, Senator Warner.

Senator Hatch?

Senator HATCH. Well, thank you, Mr. Chair.

Chairman ROCKEFELLER. Followed by Senator Feingold.

Senator HATCH. Thank you, Mr. Chairman. And I want to thank all of you for the service you're giving to our country. It really means a lot to all of us up here, and certainly to me.

But having mentioned Pakistan, two of our most important allies in the global war on terrorism are two of our most problematic ones, and that includes Pakistan and, of course, Saudi Arabia.

Now, I think what I'm going to do is ask a couple questions about Pakistan. Last year, in the widely reported declassified key judgments of the NIE on the threat to homeland security, you recognized that al-Qa'ida is secure in Pakistan's Federally Administered Tribal Areas, or FATA.

From this part of the world, where Pakistan asserts sovereignty, al-Qa'ida plots against the West and its allies in the Taliban-supported area, and the counterinsurgency, also, that seeks to topple the government of our ally in neighboring Afghanistan.

Further, the militancy emanating from the tribal areas has grown so strong that it has spread to the settled areas of Pakistan, in the Northwest Frontier Province, but also reaching into the heart of Pakistan's cities, including Islamabad. The most egregious example of this, of course, is Benazir Bhutto.

But open press reporting last year gave too little coverage to the story of the escape of Rashid Rauf, whose escape from Pakistani custody seems too incredible to believe, as he seems to have been allowed to walk out of the door of a mosque that he was allowed to visit. Rauf, I will remind everyone here, was considered the mastermind of the 2006 airline plot out of Britain, which was to blow up as many as 10 airlines over the Atlantic.

Yesterday's Washington Post had a piece on Abu Laith al-Libi, whose demise last week none of us will bemoan, but who, according to the Post, freely traveled around Pakistan, not just in the tribal areas, met with foreign diplomats, and visited wounded Taliban warriors recuperating in Pakistani hospitals. And these Taliban, it must be noted, were wounded fighting Afghans and coalition forces, including the U.S. military, in Afghanistan.

In short, under the current Pakistani Government, the terror threat to the West has grown, the insurgent threat to Afghanistan has grown, and—this was entirely predictable—the militant threat to the people of Pakistan has grown.

Now, at what point do you believe it would be better to pronounce the current Pakistani Government a complete failure in advancing security for us or even their own people? And what Pakistani institutions could successfully stand against these threats?

What could the United States do to support these institutions? And what is the significance of the creation last December of Tariki Taliban, the Taliban movement of Pakistan?

Those are a lot of questions. I guess we'll start with you, Admiral.

Director MCCONNELL. Thank you, sir.

I think the most significant thing in the recent situation is the threat has moved into Pakistan proper to threaten the very existence of the nation.

Senator HATCH. Well, it's been there for a quite a while.

Director MCCONNELL. Yes, sir. But in the last year the number of terrorist attacks and deaths were greater than the past 6 years combined.

So what's happened is Pakistan has now recognized that this is an existential threat to their very survival. And the leadership there is taking steps, and conducting actions, and starting a process to be more aggressive in getting control of the situation, with regard to not only al-Qa'ida, but also the militants in the FATA area.

The only institution that has the strength to do what you just described is the Pakistani Army. We need to think about the Pakistani Army and how it was constructed and how it's been maintained for 60 years. It is designed as a force-on-force, primarily facing a threat from India, and is not a counterinsurgency force the way we have evolved with our special operations forces. So that discussion is taking place in Pakistan now. And there will be changes in time to be more aggressive in addressing this threat.

With regard to the government itself—very critical time. They're in a transition to democracy, and it is a key point in Pakistani history. For the first time in their history, their legislature finished a term, and the elections are happening later this month on the 18th.

This is a critical time to get them through this process—they get themselves through this process—so they have democratic institutions that can start to address the issues you've outlined.

Senator HATCH. General Hayden, do you have any comments about all that?

General HAYDEN. Well, Senator, I'd agree with your macro description of what's gone on there over the past several years, with very few exceptions.

I've spoken to my counterparts in Pakistan and actually General Kayani, who's Chief of the Army Staff. I think they would agree in broad outline with your analysis. But now the question is capacity. What is it they can do about this with the capacity they have as a government?

General Kayani, as the Admiral suggests, as Chief of Army Staff, has inherited an incredibly artillery-heavy army, and how he's faced with an insurgency between and among tribal groups in the tribal region. He's got a plan using the resources he has available plus transitioning to the kind of army that he will need to meet this problem. I think it's a realistic appreciation of the situation. But right now, it's a question of capacity.

Senator HATCH. Thank you.

Mr. Chairman, may I ask just one other question? Thank you, sir.

I wish to commend both you, Admiral McConnell—well, all five of you, but in particular, through listening to you, you, Admiral McConnell and General Hayden, for your candor and your precision of your remarks on the question of enhanced interrogation techniques.

And I want to thank you, General Maples, for reiterating the Pentagon's adherence to the Army Field Manual. These couple of questions that I'm going to direct to you, General Maples.

In following up on Senator Whitehouse's question earlier, let me ask you these two questions. Can the Army Field Manual be rewritten?

General MAPLES. Certainly, it could. Yes, sir.

Senator HATCH. How?

General MAPLES. Well, one of the areas that we've looked at and we have talked about is what type of behavioral techniques are most beneficial to adduce information from others, and——

Senator HATCH. So it could be changed at any time.

General MAPLES. Yes, sir. It could be.

Senator HATCH. OK. Then let me ask you this. Would it be fair to say that the Army Field Manual was written for 18-year-olds to 20-year-olds primarily to help them to know how to act and what to do?

General MAPLES. I would go somewhat beyond that, but generally it is a younger population. Yes, sir.

Senator HATCH. Let's say up to 24-year-olds or 25-year-olds. I don't care.

General MAPLES. Yes, sir.

Senator HATCH. But written for younger people who may not be involved in the intelligence gathering that the CIA does or that others in the intelligence community have to do for us.

General MAPLES. Certainly written for a different group with a different purpose. Yes, sir.

Senator HATCH. That's right. Now, one last question. If the application of an enhanced interrogation technique on an al-Qa'ida operative could have given us intelligence to have prevented the attack on the USS *Cole,* would that have been worthwhile?

General MAPLES. Sir, it certainly would have been to the Armed Forces and to those young sailors.

Senator HATCH. We lost how many young sailors at that time? It was about 17.

General MAPLES. Seventeen, sir.

Senator HATCH. Well, it seems to me that you guys have a really tough job to be so second-guessed up here by people who don't have to be on the front lines on these things.

One last thought on this line. Right now, we're in a big battle up here on the FISA bill.

And Admiral McConnell, you know, as an attorney, understanding how general counsels work, if we do not grant retroactive immunity to these companies that acted patriotically at the request of the United States, and no civil suits continue—based upon, by the way, Mr. Klein and a few other people who really haven't—didn't know anything about what was going on.

With all the depositions, discoveries, interrogatories and so forth that would disclose all kinds of sensitive information, wouldn't we be at a tremendous disadvantage because general counsels of those companies—if they're going to be second-guessed and their people are going to be sued, and their employees subjected to terrorism all over the world, just to mention a few little aspects of this, what general counsel would allow that type of cooperation without litigation, which would then delay us getting the intelligence we need to protect America from even weapons of mass destruction, Admiral McConnell?

Director MCCONNELL. You've described it exactly right, Senator. Without retroactive liability protection, those general counsels, as an obligation to those companies, would tell them not to cooperate with us and to litigate.

Senator HATCH. And we would not get the intelligence we'd have to have on a short-time basis so that we could protect America, is that right?

Director MCCONNELL. The tragedy is it would slow our efforts. It would make us less effective. And I would make one other point. American industry, particularly in this field, leads the world.

And so not only is it what they've alleged to have been—to help us in the aftermath of 9/11, but since they lead the world, their insight and abilities and knowhow, understanding of technology, is what we depend on to be effective on a global scale.

Senator HATCH. Some have said up here that we should substitute the United States as the defendant in these cases. Would that solve the problem?

Director MCCONNELL. No, sir.

Senator HATCH. You'd still have discovery, depositions, interrogatories, all kinds of disclosures of the highest classified information that could just wreck what we're trying to do to protect America, is that correct?

Director MCCONNELL. Yes, sir, that's correct.

Senator HATCH. Do you agree with that, General Hayden?

General HAYDEN. Yes, sir.

Senator HATCH. How about you, Mr. Mueller?

Director MUELLER. Yes. Yes. I agree with that.

Senator HATCH. And the others? General Maples?

General MAPLES. Yes, sir.

Senator HATCH. Mr. Fort?

Thank you letting me ask those questions.

Chairman ROCKEFELLER. Thank you, Senator Hatch.

Senator Feingold?

Senator FEINGOLD. Thank you, Mr. Chairman.

First, let me ask that my opening statement just be put in the record.

Chairman ROCKEFELLER. It is so ordered.

[The information referred to follows:]

OPENING STATEMENT OF SENATOR RUSS FEINGOLD, A U.S. SENATOR FROM WISCONSIN

Thank you, Mr. Chairman. The National Intelligence Estimate on threats to the homeland released last year assessed that al Qaeda has protected and regenerated its capacity to attack the United States. Meanwhile, the situation in Afghanistan is backsliding. And recent bombings in Algeria underscore the serious threats posed by Al Qaeda's affiliates around the world. Yet, tragically, the Administration maintains its overly narrow focus on the war in Iraq, draining attention and resources from these and other national security priorities. While only one year remains in this Administration, we cannot wait that long to refocus on the threats before us. We need strategies to combat Al Qaeda's global reach. We need a better understanding of Al Qaeda's affiliates, their links to Al Qaeda , and the unique role they play in the countries and regions in which they operate. We need a better grasp of terrorist safe havens and the political, economic and cultural factors that allow them to fester. And we need truly global intelligence capabilities directed at local and transnational issues that are far too often overlooked—until a crisis explodes. One need look no further than Kenya to understand how bad governance, corruption, repression, and ethnic tensions can end up posing serious strategic challenges for the United States and to appreciate how anticipating these kinds of crises is in our vital national security interests.

Supporting the Intelligence Community's ability to protect our nation means providing it with the strategies and capabilities to understand the world as it is. It means acknowledging that Iraq is not the central front in the fight against al Qaeda—not when the Intelligence Community tells us that al Qaeda has a "safehaven in the Pakistan Federally Administered Tribal Areas." It means giving the Intelligence Community the tools it needs to go after al Qaeda and its affiliates without intruding unnecessarily on the

rights and freedoms of law-abiding Americans at home. Hard work lies ahead, but we cannot afford to wait.

Senator FEINGOLD. Second, let me also thank each of you for your tremendous service to the country.

And, Director McConnell and General Hayden, the New York Times reported in December that the CIA tapes that were destroyed "documented a program so closely guarded that President Bush himself had agreed with the advice of intelligence officials that he not be told the locations of the secret CIA prisons." Is that true?

General HAYDEN. I'm not at liberty to discuss any personal conversations I've had with the President, Senator.

Senator FEINGOLD. Did the President know?

General HAYDEN. I'm not at liberty to discuss that.

Senator FEINGOLD. That's not asking about the conversation, but did he know?

General HAYDEN. For me to comment on that would imply other activity, previous conversations, and, one, I won't do it. And number two, I don't know.

Senator FEINGOLD. Director McConnell?

Director MCCONNELL. I don't know.

Senator FEINGOLD. OK. Well, wouldn't this raise serious concerns about whether the President is capable of or even interested in making fundamental decisions relating to fighting al-Qa'ida?

I mean, shouldn't the President have this knowledge if he's going to make the kind of judgment and analysis that's needed here?

General HAYDEN. My judgment is that the President knew all that he felt sufficient for him to issue the guidance he felt he should issue us.

Senator FEINGOLD. Do you think the President needs to know this information?

General HAYDEN. Me?

Senator FEINGOLD. Do you think the President ought to know that information in order to make his best judgment?

General HAYDEN. If I thought the President needed to know something, I would tell the President something.

Senator FEINGOLD. Has the Vice President known the locations of the facilities, General Hayden?

General HAYDEN. I don't know, and again, I wouldn't venture to comment on any conversations I've had with the Vice President.

Senator FEINGOLD. Director McConnell?

Director MCCONNELL. I don't know.

Senator FEINGOLD. How about the Secretary of State or the Attorney General? Either of them know?

General HAYDEN. I'm not aware that they do.

Director MCCONNELL. I don't know.

Senator FEINGOLD. All right.

Director McConnell, you were quoted in the New Yorker as saying that whether an interrogation technique is torture is "pretty simple. It is excruciating and painful to the point of forcing someone to say something because of the pain."

Well, pain is pain, right? It doesn't depend on the circumstances under which it's inflicted, right?

Director MCCONNELL. Is that a question?

Senator FEINGOLD. Yeah. It's a question. I mean, pain is pain. It doesn't really depend on the circumstances under which it's inflicted.

Director MCCONNELL. My remarks that you're referring to—I was talking about excruciating pain.

Senator FEINGOLD. General Hayden, do you agree with the Director's definition? Do you agree that torture is defined by the level of pain that is inflicted and not by the circumstances?

General HAYDEN. The statute points out the requirement for something to be defined as torture, and I've forgotten the adjectives, Senator, but there are a series of adjectives in front of the word pain. That's correct.

Senator FEINGOLD. And does this have to do with the level of pain or the circumstances?

General HAYDEN. I think it has to do with both the level and duration and the lasting effects of the pain, to the best of my memory of the statute.

Senator FEINGOLD. Let me switch to Pakistan and Afghanistan. The State Department's counterterrorism chief, Lieutenant General Dell Dailey, has expressed publicly his concerns that there are significant gaps in what we know about threats in the Afghan-Pakistan border tribal areas.

He said, "We don't have enough information about what's going on there, not on al-Qa'ida, not on foreign fighters, not on the Taliban." Director McConnell, do you agree? And if so, how serious is this problem?

Director MCCONNELL. Our information is never complete enough, and if we had the locating information, particularly of the leadership, we would be able to carry out actions to neutralize the leadership. So that specific information we seek and we do not have.

Senator FEINGOLD. So you would agree with his assessment?

Director MCCONNELL. I would agree in broad terms with the need for better information.

Senator FEINGOLD. Director McConnell, your testimony points out that al-Qa'ida in the Lands of the Islamic Maghreb has expanded its targets to include the United States and the U.N. and has increased the lethality of its attacks.

Director MCCONNELL. U.S. interests is what I said, yes, sir.

Senator FEINGOLD. What's that?

Director MCCONNELL. U.S. interests is what I said. A U.S. company is what was attacked.

Senator FEINGOLD. OK. Fair enough. I'm concerned, however, that your testimony seems to lump the group, which has a long history in Algeria, with AQI, which didn't even exist prior to the war in Iraq. These are very different situations.

Director MCCONNELL. No, I linked it with AQ, meaning al-Qa'ida, not specifically AQI, which means al-Qa'ida in Iraq. We use the terms just so we can have conversations to place geographically the group we're talking about.

Senator FEINGOLD. Do you agree that the terrorist threat in North Africa has become worse? And second, how do we confront this threat directly with strategies geared toward the unique history and political environment in that region?

Director MCCONNELL. I think it's become worse in Algeria, in that area. I don't think it's gotten worse necessarily yet in Libya or in Egypt.

Senator FEINGOLD. You don't see a general trend in that region.

Director MCCONNELL. A trend meaning that al-Qa'ida, who resides in the Federally Administered Tribal Area in Pakistan, having a reach with Internet and a method to communicate has been successful in establishing links and having a broad message that's been embraced by radical elements—in that sense, I see a trend.

Senator FEINGOLD. If the threat from the Pakistan-Afghanistan region is getting worse, and the threat in North Africa is getting worse, is it accurate to say that any tactical successes against al-Qa'ida in Iraq are, at best, unrelated to the global threat from al-Qa'ida and its affiliates?

Director MCCONNELL. No, I wouldn't agree with that at all. I would describe a trend. A trend is something that people are attracted to, an ideology, something they will follow. And if you look at throughout history, there have been a variety of things that people would follow. Communism is the one we dealt with in the last generation.

So my view of what's happened—there's an ideology. It has a way of communicating. And these things are linked. It's a broad, inspirational level.

So there is a group in Iraq that's associated with al-Qa'ida. They take direction and guidance from al-Qa'ida that's still residing, the leadership, in Pakistan.

Senator FEINGOLD. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, Senator Feingold.

Senator Bond?

Vice Chairman BOND. Thank you, Mr. Chairman.

Director McConnell, there's a little bit of lack of clarity in some of the discussions earlier on.

I think General Hayden said that there is a group of lawful techniques which can be used in interrogation. Some of them are in the Army Field Manual and some of them are the techniques that would be used by the CIA. In response to a question, you said that we do use coercive techniques. But my understanding is you only use techniques if they are coercive to lead a detainee to give information.

And I would imagine if the Army Field Manual techniques did not have some coercion, they wouldn't be used. Can you clarify for me—you are not implying, are you, that the techniques the CIA uses are coercive, whereas the Army Field Manual techniques are not coercive?

Director MCCONNELL. No, sir. That wasn't what I implied. I did not use the word "coercive," or at least I don't recall using it.

I was describing it as enhanced. Now, you may say I'm splitting hairs here.

Vice Chairman BOND. No, I wrote it down that you said coercive, and I just wanted to make sure that we were clear. Is it your view that the techniques used by the CIA under its program are different from but no more painful or violative of the standards which are applied to the Army Field Manual, that they would comply,

should the Army Field Manual tomorrow pick up the CIA techniques?

Of course, they'd be published, and then they wouldn't be effective on high-value detainees, but they could be picked up by the Army Field Manual, is that correct?

Director MCCONNELL. Yes, sir, I would say "enhanced."

Vice Chairman BOND. Enhanced.

Director MCCONNELL. The techniques are enhanced. They are effective. They're not coercive, and they're lawful. And now the expert on this subject, of course, is General Hayden, so let me offer him a chance to follow up my remarks.

Vice Chairman BOND. I'll always be proud to hear from General Hayden.

General HAYDEN. Thank you, Senator.

Just to reinforce and, if you don't mind, maybe draw together a couple of points that were kind of scattered about in some earlier conversations, we have a body of techniques that we believe to be lawful and the Attorney General has said are lawful and that we briefed to the Committee and staff. They are beyond those authorized by the Army Field Manual, but I think Senator Hatch pointed out that the Army Field Manual can be a transitory document. It can change.

The current Army Field Manual, for example, I think most people would judge to be less robust than the Army Field Manual that it replaced. And so there are changes that can take place there.

I've said that the techniques that I have briefed the Committee inside the CIA program are appropriate—lawful, certainly, otherwise we wouldn't have the conversation—but appropriate and adequate to the needs of the CIA program, as are, I believe, the Army Field Manual to what DOD has to do and the processes contained in the various regulations of the FBI for what they have to do.

But ours is different. It was brought up earlier, the interrogation of Saddam Hussein, which revealed some very interesting and very valuable information, but I'd only point out that was done over a period of months.

Vice Chairman BOND. And before he was about to be hanged.

General HAYDEN. Yes, sir, in an environment that was. . .

Vice Chairman BOND. Talk about an enhanced interrogation technique. I think Johnson said there's nothing that clarifies the mind like the prospect of a hanging in a fortnight.

General HAYDEN. And it was done as a retrospective.

Vice Chairman BOND. From old English lit.

General HAYDEN. Yes, sir. It was done as a retrospective. It was done as forensics on events past, again, very valuable, but different than what we need.

Let me say something very clearly, Senator. I really need to put this on the record. We will play to the edges of the box that the American political process gives us.

In the creation of that box, if we're asked a view, we'll give a view. But the lines drawn by that box are the product of the American political process. Once you've drawn the box, once that process creates a box, we have a duty to play to the edge of it; otherwise, we're not protecting America, and we may be protecting ourselves.

If the American political process draws the box and makes it equal to the Army Field Manual, we will play inside the box labeled "Army Field Manual" or the *Miranda* process.

One should not expect this Director or a subsequent Director—that's not really very interesting—let's talk about the officers of the Central Intelligence Agency—one should not expect them to play outside the box because we've entered a new period of threat or danger to the Nation. So there's no wink and nod here.

If you create the box, we will play inside the box without exception. If it is the judgment of the American political process that the Army Field Manual and the processes of the FBI are adequate to the defense of the Republic in all conditions of threat, in all periods in the future, that's what we will do.

My view is that would substantially increase the danger to America and that my agency should be allowed to continue the use of techniques which have been judged lawful by the Attorney General and briefed to this Committee.

Vice Chairman BOND. And I believe you have said that the less than one third of the less than 100 who were subjected to enhanced techniques would not give information using less than the enhanced techniques that you used and, thus, the literally thousands of intelligence reports that you gained from that small subset would not be available.

General HAYDEN. That's correct, Senator.

Vice Chairman BOND. Well, my thanks to all of you. My apologies to the Chairman.

General MAPLES. Sir, could I make just one follow-on there?

Vice Chairman BOND. Oh, please do, yes.

General MAPLES. Since the Army Field Manual has been mentioned several times, and the fact that it could be rewritten, to my knowledge right now, within the Department of Defense and within the Army, there's no intention to rewrite that field manual and that the manual does give us the kinds of techniques that we believe we need to have in order to be successful.

Vice Chairman BOND. Well, when Mr. Piro questioned Saddam Hussein, he claimed he was an envoy of the President of the United States. Is that within the tactics in the Army Field Manual?

General MAPLES. It is. Yes, sir.

Vice Chairman BOND. You can say you're an envoy.

General MAPLES. And Mr. Piro was also all-knowing, and he used a number of techniques that could be considered as a part of the manual.

General HAYDEN. I believe—and, Mike, correct me if I'm wrong—that's called false flag, and it's a limited technique, and I believe the field manual confines that to unlawful combatants.

Director MCCONNELL. Yes.

General HAYDEN. Not to the normal lawful combatants.

Vice Chairman BOND. Most interesting. I will follow up at our subsequent open hearing on the powers that the intelligence reform bill should have given to the community and also ask you about budgeting problems.

But I appreciate the forbearance of the Chairman and your willingness to join us for this lengthy session. And if we do not get

called on the floor to play in the FISA sandbox this afternoon, we will look forward to further discussions.

Chairman ROCKEFELLER. Thank you, Mr. Vice Chairman. Please don't collect your papers yet. I have two more questions. We will be meeting in less than 2 hours, hopefully. No, actually, hopefully, we'll be doing FISA on the floor before that, but I don't think that's going to happen.

Two questions. One, I want to go back to the subject that you and I were discussing, Director Mueller, about the threat to America from within America. First, I want to go to China and Taiwan, a juxtaposition. The Chinese have basically made peace with all of the countries that they border, some 14, and others in Southeast Asia and have made a remarkable kind of effort to do that, providing aid, all kinds of things.

They've made none whatsoever, of course, with Japan and Taiwan. And then there is always us. So those three stand out.

There are many who think that communism, except for the party apparatus and the big meeting places, doesn't really exist any longer in China, that it's been changed irrevocably because of economic forces, and that the Chinese leaders who throughout history, including all imperial history, obviously have never been elected.

And, therefore, the two present leaders, neither of whom have any sort of military connections, are then also lacking that, which has been a stronghold of other previous leaders. And that, therefore, when a Tiananmen Square comes along or there's mercury in a stream or factories are closed down and tens of thousands of workers—and this becomes almost a daily routine somewhere in that very vast country—are demonstrating that Chinese leaders overreact because they are fundamentally afraid of their own people.

They have authority over their own people, but throughout Chinese history, going back to the Boxer Rebellion, the May 4th Movement, way before that, the people have been free to revolt and to change their leadership. Those lessons are never lost on the Chinese, because they never forget in their 5,000 years.

So that's one scenario, that they're afraid of their people and of disruption within their own country, and with good reason, with the hundreds of millions of people who have not yet landed anywhere, migrating from east to west, and not having found a place.

And so what they do, then, is they turn to nationalism, because nationalism is a button that really works in China, and that they do that either toward Japan and the Yasukuni shrine visit by a prime minister and not to Taiwan, for obvious reasons, even though there is tens of billions of dollars of commerce—and I think air service, at least in one direction—between those two entities.

And so one asks the question: Is the Taiwan-mainland China—is that for eternity? Deng Xiaoping used to say, "Wait 50 years, and things will solve themselves. Don't always feel you have to take action. Problems work out." He was a wise man.

I'm putting the question to you. The probable next president of Taiwan is not in favor of stirring up independence in Taiwan. It would seem to me that the economic future and the personal interrelationship of Taiwan and the mainland could very well signal more peace and a growing willingness to deal with each other and

jaw at each other from time to time, but actually not doing anything about it, in spite of all the missiles that are aimed at Taiwan and in spite of all the energy as Taiwan prepares to prepare itself.

So I'm interested in how long you think this is going to last, if you think that Deng Xiaoping—maybe you have to add on an extra 25 or 30 years—will be proven right, number one.

And, second, Director Mueller—and I would ask Director McConnell to also comment on this—this country has changed enormously in recent years. The whole problem of income disparity, the problem of joblessness, the problem of degradation of our culture, primarily through television and sexually explicit and violence, which is I think a shame upon our Nation and a shame upon Hollywood, this Nation has changed.

And when I mention disaffected youth or people, whether they're doctors or whether they're young people, it strikes me that the climate for people doing things that they never would have considered doing before simply out of frustration and because new tools are available to them—and you, Director Mueller, discussed extensively the Internet, the whole question of cyber security and all the rest of it—that you don't have to go to Pakistan to train.

You can just go on the Internet to find out how to do a suitcase bomb. You don't have to climb poles and jump over trenches. So I really worry that the American people don't worry. I really worry that, because there's been no attack since 9/11, that the American people have let down their guard.

I really worry that the Department of Homeland Security is treated as a stepchild in Government and is funded often as a stepchild in Government and that all of this bodes for our not being able to protect ourselves and to have the sort of day-to-day vigilance which is required psychologically and actually to be on a strong state of alert as we are in other parts of the world.

Now, those are two questions, and I'm already way over my time, but I'd like to have answers.

Director MCCONNELL. Could I start, sir? Would that be all right?

Chairman ROCKEFELLER. Please.

Director MCCONNELL. Let me go to China-Taiwan. I would agree with Deng Xiaoping. In time, it will heal itself. The greatest risk now is miscalculation.

As you said, the United States is a very different place than it was 50 years ago. China is a very different place than just a few years ago. Their biggest challenge is stability. The focus of the party in power is to, first of all, keep the party in power.

And so the argument is how do you maintain a society of 1.3 billion people, half of which have not yet had the fruits of this economic prosperity and growth rained down on them, and move them in a way that it remains stable, they get access to raw materials and they have markets for which they can sell their goods.

So my view is it will become more democratic over time, and the Taiwan-China situation will solve, but the greatest risk for us is miscalculation or an event that gets out of control. You mentioned that leadership could overreact, and that's my worry. If it's left to just its normal trend, I think it will evolve to be a different place.

With regard to your question on extremists in this country, I would highlight we've always had extremists in this country, al-

ways. The difference, in my view, is the tools that they have access to can do disproportionate harm or damage in relation to one or two or three, because of things like the Internet, because of things like explosives or flying airplanes into buildings.

All the things that one could dream up could have a broadly disproportionate impact on our society because of the tools and the technology available to them.

Chairman ROCKEFELLER. And your reason for the fact that we don't seem to be that worried about it because we keep saying there's never been anything that's hurt our country since 9/11?

Director MCCONNELL. I think that is shaped by political debate and leadership. The country will respond to the right kind of leadership, I believe, and so it's making the argument and having the debate, because it would be a very vigorous debate.

Some of the things that you alluded to about Hollywood and the kinds of material they produce and so on—there are going to be many people that would disagree with you, in the interest of freedom of speech and not controlling anything and so on.

So there's going to be a tremendous debate. Either we're going to have an event that causes us to be shocked and awakened, and then we'll start to move down that path, or the leadership and the dialog will take us in a different direction.

Chairman ROCKEFELLER. Thank you, sir.

Director Mueller?

Director MUELLER. Yeah, I agree with the Admiral. We've always had extremists, disaffected, McVeigh being an example, responsible for the Oklahoma City bombing.

But those who are disaffected now have greater access to information, greater access to instruction on how to manufacture devices, greater capabilities of intersection with others through the Internet or through other communications, and the damage is disproportionate given the capabilities that one has today.

As to complacency, yes, I mentioned it before. We have become complacent over a period of time, and we have to resist that complacency, understand that there are people out there who wish to do us harm in our communities and continue to work with State and local law enforcement ourselves but also work with other members of the community to identify those who seek to do us harm before they can undertake such attacks.

Chairman ROCKEFELLER. All right. We recess and we meet again not far from here at 2:30.

And I thank you all very, very much.

[Whereupon, at 1:04 p.m., the Committee adjourned.]

Submission for the Record

OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE
WASHINGTON, DC 20511

2 May 2008

The Honorable John D. Rockefeller IV
Chairman
Select Committee on Intelligence
United States Senate
Washington, DC 20510

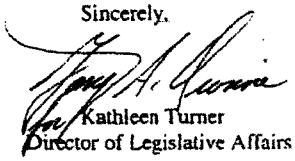
The Honorable Christopher S. Bond
Vice Chairman
Select Committee on Intelligence
United States Senate
Washington, DC 20510

Dear Mr. Chairman and Vice Chairman Bond:

(U) The enclosures to this letter respond to questions from Members during the Committee's 5 February 2008 hearing on the Current and Projected National Security Threats to the United States.

(U) If you have any questions on this matter, please contact me on (202) 201-1698.

Sincerely,



Kathleen Turner
Director of Legislative Affairs

UNCLASSIFIED when separated from enclosures

Question 1: (U) a) To what extent has the government of President Preval been able to tackle ongoing problems with government corruption? Is the Haitian National Police (HNP) force taking adequate steps, with the support of U.N. forces, to address drug trafficking and armed criminal gangs? How is the training of the HNP progressing? b) In recent months, the U.N. Stabilization Mission in Haiti (MINUSTAH) role has shifted toward helping Haitian authorities combat the trafficking of arms, drugs, and people. What steps are MINUSTAH and the Preval government taking to improve the security of Haiti's border with the Dominican Republic and to increase patrols of the country's maritime borders? What are the prospects of economic refugees from Haiti arriving on U.S. shores?

Question 2: (U) During President Bush's recent visit to Israel, the case of Jonathan Pollard—an American citizen who pleaded guilty in 1986 to conspiracy to deliver national defense information to Israel—was reportedly on the unofficial agenda. During the 1998 Wye River Summit, then Director of Central Intelligence George Tenet threatened to resign if Mr. Pollard's life sentence was commuted. Are you opposed to the release of Mr. Pollard? How would the release of Mr. Pollard affect the Intelligence Community and our national security interests?

Answer: (U) We are unequivocally opposed to leniency for Mr. Pollard. This is the unanimous view of the counterintelligence community. Our reasons are still best stated in the January 30, 1996 letter from then-FBI Director Louis Freeh to then-Attorney General Reno and the strong stance taken in 1998 by then-Director of Central Intelligence George Tenet. Additional classified information, previously submitted to the SSCI during the years of this matter, remains valid as to the grave national damage caused by this individual. Clemency for Pollard will undermine U.S. security practices and complicate U.S. counterintelligence programs.

Question 3: (U) a) The Administration has stated that the surge in Iraq is producing the desired results. Defense Secretary Gates recently stated that if progress continues in Iraq, he will authorize the redeployment of five military combat brigades. What is the current Intelligence Community (IC) assessment regarding neighboring countries' activities with respect to current conditions in Iraq? How does the IC assess potential actions that neighboring countries may taken should the U.S. initiate drawdown activities in the near future?

Question 3: (U) b) To what extent are you concerned that armed Sunni Arab Iraqis now associated with the Anbar Awakening movement and Concerned Local Citizens committees could pose a threat to the Iraqi government or U.S. forces? What role are Shiite militia groups such as the Jaysh Al Mandi likely to play in Iraq's security over the coming year?

Answer: (U) We continue to monitor the effectiveness and durability of tribal and former insurgent local citizens groups—commonly referred to as Sons of Iraq (SOIs)—and their interaction with the Iraqi government. We judge that over the next 6 months these security initiatives probably will remain a viable mechanism for countering extremist threats, providing economic opportunities, and allowing for constructive Sunni participation in a unified Iraq over the next 6 months and beyond as long as the Coalition or the Iraqi Government funds SOI contracts or provides job opportunities.

(U) We judge that if the Iraqi Government is unwilling or unable to meet Sunni expectations for economic opportunities and integration into government positions, the risk that SOIs will suspend support for local security initiatives and resume violence against Coalition forces and the Iraqi Government will increase.

(U) We judge Shia militia groups will continue to have a destabilizing affect on Iraq's security environment over the next year. The public rhetoric of Muqtada al-Sadr, the head of the Jaysh al-Mandi (JAM) militia, has become increasingly vocal about his long-held anti-Coalition and anti-Iraqi government stance over the last month and his militia has become increasingly active against Coalition forces in Baghdad and southern Iraq and is likely to remain so while being targeted by the—Iraqi government.

a.(U) Increasing competition between the Sadrists and other Shia organizations such as the Islamic Supreme Council of Iraq (ISCI) and its militia wing, Badr Organization, for political power and economic resources has the potential to further erode security in southern Iraq. Many Sadrists probably view the recent targeting of senior Sadrist officials in Najaf and Basrah as an attempt by ISCl/Badr to undermine the Sadrist movement in the run-up to provincial elections.

b.(U) Shia organizations such as Jund al-Sama, the Shia messianic cult responsible for violence in early 2006 and 2007, retains a capability to conduct high-profile violence in the Shia holy cities of Najaf and Karbala as well as in provin-

cial capitals in southern Iraq. Jund al-Sawa historically conducts their violence around major Shia religious holidays such as Ashura and Arbaeen.

Question 3: (U) c) Please describe the current state of Iranian intervention in Iraq in terms of the supply of weaponry, financing, or training to Iraqi groups. What level of threat do weapons and supplies of Iranian origin pose to U.S. and Coalition personnel?

Answer: (U) Iran, primarily through the Iranian Revolutionary Guard Corps-Qods Force (IRGCQF), continues to provide weapons, funding, training, and logistical support to certain Iraqi Shia militants. We have recovered weapons in Iraq that were clearly manufactured by Iran, and some with relatively recent factory markings. Tehran uses the provision of lethal aid to build ties to an array of influential actors, protect the Shia in the event of civil war, prepare for future contingencies such as, military action against Tehran, as well as ensure the US suffers setbacks in Iraq.

(U) We assess Iran continues to provide Iraqi Shia militants explosive devices or components, including explosively formed penetrators (EFPs), rockets, mortars, C–4, small arms and munitions. Attacks from EFPs—the vast majority of the components of which we assess come from Iran—are of particular concern because of the number of casualties they inflict on Coalition forces. We assess Iran also has supplied Shia militants with 107mm and 204mm rockets that have been used to attack Coalition Forces and Iraqi Government targets. We judge Iranian-supplied rockets were used by Jaysh al-Mandi militants to attack the International Zone and other Coalition facilities and bases during the recent fighting in Baghdad, Al Basrah, and several southern cities.

Question 3: (U) d) Do you agree with the recent comments by the Iraqi Defense Minister that it will take until 2018 to defend Iraq's borders? Do you believe the current level of violence in Iraq will hold, get better, or get worse? Are the factors behind the drop in violence sustainable?

Answer: (U) We are unable to confidently judge when Iraq will be fully capable of defending its borders. We judge the amount of time that is required before Iraq is able to defend its borders will depend on several factors, including how rapidly the ISF is able to address critical shortfalls in combat service support and combat enablers such as fire support and intelligence; the amount of time required for the ISF to acquire, integrate, and become proficient in modern combat equipment; the capacity of Iraq's security ministries to absorb and train additional forces; and the level and type of Coalition support provided to the ISF in the coming years.

(U) We assess with moderate confidence that overall security gains in Iraq will be maintained during the next 6 months because most of the factors underpinning security trends are likely to remain viable. Coalition and ISF population security operations will continue to inflict losses and constraints on AQI; the security contributions of the Sons of Iraq, assisted by the Coalition and grudgingly supported by the GOI, will continue to weaken the Sunni insurgency while bolstering the fight against AQI; and Iraqi Security Forces—supported by Coalition training, logistics and combat support elements—will continue to improve their operational capabilities.

(U) Nevertheless, AQI is still capable of conducting spectacular attacks despite disruptions of its networks. Stability remains fragile in southern Iraq as Shia groups continue to compete for political power and economic resources and the Iraqi Government forcibly confronts the JAM. Security in northern Iraq also remains tenuous as Sunni resistance elements and AQI increasingly focus their activities in the area.

Question 3: (U) e) Does the Intelligence Community assess al-Sadr and his militias will continue their cease-fire indefinitely? Do they retain the capacity to return to violence? Will the recently approved de-Bathification law promote reconciliation or discord between Shiite and Sunni factions? How big a role will Ahmed Chalabi play in the law's implementation?

Answer: (U) Prime Minister Maliki's recent endorsement of operations against the Jaysh al-Mandi (JAM) militia and public warning that the Sadrists cannot participate in the political process unless the militia disbands could diminish the Sadrists' stake in the provincial elections and decrease Muqtada al-Sadr's incentives to use political, rather than violent, means to gain influence.

(U) Sadr on 7 April 2008 publicly announced he would disband the JAM only if top Shia clerics in An Najaf or Qom, Iran, ordered him to do so. Sadr also has warned that he would lift the freeze on attacks by his group if government military actions against the group become too far-reaching.

(U) The JAM also may resume attacks to relieve supporters' frustration about Iraqi Security Forces (ISF) operations and to press the Iraqi Government to address Sadrist demands, including an end to indiscriminate raids and a release of JAM prisoners. Although the efforts of the Iraqi government to limit the scope of their operations have so far prevented major JAM violence, recent ISF and Coalition operations in Sadr City and ongoing clashes in Al Basrah could trigger widespread fighting.

(U) Muqtada al-Sadr on 3 April 2008 called for an end to ISF operations against JAM members and the Sadrist movement is reacting to stepped-up government pressure by keeping its JAM militia at high readiness to resume violence quickly if directed.

(U) Recent passage of de-Bathification reform by the Council of Representatives (COR), along with several other laws, marks a step toward Iraqi political reconciliation. The impact of de-Bathification reform will depend on how effectively it is implemented, who is appointed to the new de-Ba'thification Commission, and what procedures and regulations govern its work.

(U) Ahmad Chalabi is unlikely to have significant influence over the implementation of the Law on Accountability and Justice unless he can secure an appointment to the new Higher National Commission of Accountability and Justice (HNCAJ), which will replace Chalibi's Higher National De-Ba'athification Commission.

Question 3: (U) f) How likely are we to secure Iraq's borders with Iran and Syria without these countries' cooperation?

Answer: (U) We judge increased efforts by the Iraqi government to garner legitimate cooperation from Tehran—in addition to implementing measures to filter out corrupt members of the Department of Border Enforcement (DBE), increasing funding for additional border security personnel and new equipment, and engaging border area tribal leaders—will be necessary to improve security along the Iraq-Iran border. Iraqi police and DBE are constrained by corruption, militant infiltration, insufficient manpower, and outdated equipment and are at present incapable of stopping the flow of Iranian-made explosives, weapons, drugs, oil, and people across Iraq's 900-mile border with Iran.

(U) We judge the Iraqi government will have difficulty securing Iraq's borders with Syria without additional measures taken by Damascus to secure the Syrian side of the border and prevent Sunni extremists from crossing into Iraq. Over the past year, Damascus has taken more aggressive action against some Sunni extremists in Syria and has continued to take steps to increase security along its border with Iraq, such as installing new border guard posts; improving earthen berms at the border; and engaging Iraq and other states in the region to increase border security. Despite these efforts, we estimate the majority of foreign terrorists continue to travel to Iraq via the Syria-Iraq border.

Question 4: (U) a) Does Iran have the ability to mate a nuclear warhead to a long- or medium-range ballistic missile? Can International Atomic Energy Agency (IAEA) safeguards provide confidence in the ability of the United States and/or the IAEA to detect a revived Iranian nuclear weapons program?

Question 4: (U) b) The National Intelligence Estimate (NIE) released this past December states that "the earliest possible date Iran would be technically capable of producing enough HEU (Highly Enriched Uranium) for a weapon is late 2009, but that this is very unlikely." The NIE adds that "Iran probably would be technically capable of producing enough LIEU for a weapon sometime during the 2010–2015 timeframe." It also notes that "INR judges Iran is unlikely to achieve this capability before 2013 because of foreseeable technical and programmatic problems." This estimate also states that "[all agencies recognize the possibility that this capability may not be attained until after 2015." However, the NIE also states that "Iran probably would use covert facilities — rather than its declared nuclear sites — for the production of highly enriched uranium for a weapon." Do the NIE's timelines assume that Iran would use covert enrichment facilities, rather than its known enrichment facilities? Would Iran's use of a covert facility alter the timelines significantly?

Question 4: (U) c) To what extent, if at all, does the recently published National Intelligence Estimate on Iran's nuclear program alter the perception of threat from Iran? How would you characterize the potential Iranian overall threat to broader U.S. interests in the Middle East?

Question 5: (U) (a) Please provide an assessment of the strength, capabilities, and intentions of remaining al-Qa'ida operatives in Saudi Arabia. What steps have Saudi authorities taken to secure critical energy infrastructures such as the Abqaiq oil facility that was attacked in 2006? (b) To what extent are Saudi nationals and organi-

zations based in Saudi Arabia providing material or financial support to international terrorist organizations? To what extent are Saudi nationals and organizations supporting armed Sunni groups in Iraq? How do you assess current Saudi efforts to curtail the flow of fighters and money from the kingdom to combatants in Iraq and terrorist groups elsewhere?

Question 6: (U) a) To what extent are you concerned that the Turkish military will launch another invasion of northern Iraq to combat the terrorist organization Kongra Gel (KGK), formerly known as the Kurdistan Workers Party — or PKK? How has U.S. assistance to the Government of Turkey mitigated this concern? How much of a threat does KGK pose directly to the U.S. and U.S. interests? b) In 2007, the moderate Islamist Justice and Development Party (AKP) secured a second term in office despite objections from the military command and secularist groups. Are you concerned about the possible loss of Turkey's secular identity and, if so, why? Please assess the changes in Turkey's relations with Arab and Muslim countries since the AKP came to power and any concerns you might have about these relations. In particular, how do Turkey's relations with Iran and Syria and dependence on Russian gas affect, conflict or undermine U.S. policies?

Question 7: (U) The threat posed by Islamist militancy in western Pakistan appears to be growing. a) What new steps might the Pakistan Government take to more effectively combat al-Qa'ida and affiliated groups in the tribal regions of Pakistan? b) How does the Intelligence Community assess Islamabad's ability to curb support emanating from the FATA to the Afghan Taliban, whose insurgency is a threat to the government of President Karzai?

Answer: (U) If the Pakistan Government took the following steps, it would more effectively combat al-Qa'ida and affiliated groups in the tribal regions of Pakistan:

a. (U) Exert sustained effective military pressure on militants and their al-Qa'ida allies, reducing their de facto control of portions of the FATA.

b. (U) Integrate sustained effective military pressure with administrative, economic, educational, legal and social reforms that reduce the leverage of militants and their al-Qa'ida allies.

c. (U) Improve police and paramilitary forces' ability to provide justice and border security.

d. (U) Provide effective political leadership that effectively explains the reasons for military action and orchestrates the administrative, economic, educational, legal, and social reforms to reduce the leverage of militants and their al-Qa'ida allies.

(U) Islamabad can curb support emanating from the FATA to the Afghan Taliban. Pakistan has substantial military and intelligence resources that it has not used in the FATA, and its leadership has not made reducing militancy there a top priority.

(U) Three factors account for Pakistan's lack of action. First, civilian and military leaders for the most part do not appreciate the threat that FATA-based militants pose to Pakistan. Second, military leaders have been more concerned about the threat from India. Third, Islamabad is not prepared to bear the very substantial costs of a larger military effort, such as counterattacks by tribal militants and their al-Qa'ida allies through the length and breadth of Pakistan, as occurred in the latter half of 2007 and early 2008, with heavy military casualties, and strong public criticism of the government.

(U) The newly elected civilian leaders in Islamabad and at the provincial level in Peshawar are slowly beginning to come to terms with the threat of militancy in the tribal areas. They are beginning to examine the administrative and economic steps that would be necessary to counter militancy over the long term. Their public statements suggest they see some role for military action as well, but we expect that new civilian leaders will reduce the pace of military efforts against FATA militants in the near term.

(U) Taliban based in Baluchistan also provide important support for the insurgency in Afghanistan.

Question 8: (U) Two independent assessments on the situation in Afghanistan were recently released — one prepared by the Atlantic Council of the United States and the other by the Afghanistan Study Group. The reports state that (1) NATO forces in Afghanistan are in a "strategic stalemate" and that "NATO is not winning"; (2) Afghanistan remains a failing state, and could become a failed state," and (3) progress in Afghanistan "is under serious threat from resurgent violence, weakening international resolve, mounting regional challenges, and a growing lack of confidence on the part of the Afghan people about the future of their country." The

administration has recently announced that 3,200 Marines would be sent to Afghanistan to stem shortfalls in troop levels there.

a. (U) Do you agree with these assessments? Why is violence up 27 percent last year? Is NATO winning or losing in Afghanistan? How large is the Taliban insurgency? How does this compare with recent years?

b. (U) What is the role of al-Qa'ida in the Taliban insurgency in Afghanistan? Does al-Qa'ida control any insurgent forces in Afghanistan?

c. (U) Will the Government of Afghanistan ever be able to defend itself and provide security and services with outside assistance? How long will this take?

d. (U) What is the role of Iran in Afghanistan? How has it changed in the last year?

e. (U) What would be the consequences for NATO of a withdrawal from Afghanistan? Is NATO able to sustain its deployments to Afghanistan?

Answer: (U) After almost thirty years of continuous warfare, Afghanistan and the international community face enormous challenges in building a self-reliant, sustainable government. Notable gains have been made but there is a long way to go. Increased violence last year was a result of a combination of operations by international forces and insurgent initiated activity. The insurgents cannot capture ground held by International Security Assistance Force (ISAF) troops but Afghan National Security Forces (ANSF) are not yet able to hold ground cleared by ISAF. The Taliban-led insurgency includes hardcore militants and part-time fighters and overall numbers are hard to assess. We judge that despite losses among leaders and the rank and file last year that the Taliban can find replacements and will remain a formidable challenge in 2008.

(U) We judge that al-Qa'ida fighters comprise a comparatively small percentage of the overall insurgent force, frequently working with Taliban commanders. Al-Qa'ida does, however, provide fmancial and personnel support as well as assistance in training and propaganda.

(U) Improvements made in governance at the national level have not yet, for the most part, fully extended to the provincial and district level. The creation of the Independent Directorate for Local Governance in the Presidential palace is an attempt to close that gap. The Afghan National Army (ANA) continues to grow and improve. Some units are capable of limited independent activity but it will be at least several years before the ANA is ready to take a leading role against the insurgency. Development of the Afghan National Police lags behind the Army.

(U) Iran is a major aid donor providing funding for development and reconstruction in Afghanistan—particularly in the western region of that country, and is engaged in counter-narcotics efforts along the Afghan border. Iran's active pursuit of its own interests, however, undermines Afghan objectives to achieve peace and stability. Iran does not limit its support to a single political, religious, or ethnic group in Afghanistan. Tehran provides financial support to government-aligned tribes and former Northern Alliance contacts politically opposed to President Karzai, while also funding and arming the Taliban in Afghanistan. Since 2006, Iran's IRGC Qods Force has provided weapons to the Taliban for use against Afghan government and international forces. The frequent weapons shipments Iran has arranged have included small arms and associated ammunition, rocket-propelled grenades, mortar rounds, 107mm rockets, plastic explosives, explosively formed projectiles (EFPs), and probably man-portable air defense systems (MANPADS) to the Taliban.

We believe Iranian lethal support is aimed more at attempting to raise the costs for the United States and our ISAF partners of our presence in Afghanistan — inflicting casualties on international forces in an attempt to negatively affect public opinion in ISAF troop-contributing nations — than at restoring a Taliban government.

Question 9: (U) Is al-Qa'ida as strong today as it was on 11 September 2001? How serious is the Government of Pakistan about the threat from al-Qa'ida? How effectively have the Pakistanis dealt with the al-Qa'ida presence in the FATA?

Question 10: (U) How aggressive is China in collecting against sensitive and protected U.S. systems, facilities, and development projects? Is the counterintelligence threat to the U.S. from China at the same level as it was during the cold war? What are the challenges of prosecuting suspected espionage cases involving China? What has been the evolution of threats of cyber-attacks and computer spying from China?

Answer: (U) The Counterintelligence Community considers the People's Republic of China (PRC) to be one of the most aggressive countries targeting U.S. military, political, and economic secrets as well as sensitive U.S. trade secrets and technologies. A broad spectrum of entities is involved in the collection effort. For exam-

ple, the PRC Intelligence Services (PRCIS) such as the Ministry of State Security, People's Liberation Army (PLA) General Staff 2nd Department and 3rd Department, Liaison Office of the PLA General Political Department, and the PRC Ministry of Public Security—are major collectors. The PRCIS has the intent, the patience, and the capability to spot, target, assess, and recruit U.S. officials with high-level access to sensitive U.S. Government information.

(U) Nonprofessional intelligence collectors—including government and commercial researchers, students, academics, scientists, business people, delegations, and visitors—also provide China with a significant amount of sensitive U.S. technologies and trade secrets. Some members of this group knowingly or unknowingly collect on behalf of PRCIS or Chinese defense industries, presenting a significant intelligence threat. But in many cases, the collection efforts of these private-sector players are driven entirely by the opportunity for commercial or professional gain and have no affiliation with PRCIS. Although, in such cases, the Chinese government is not involved in the collection effort, it has been a major beneficiary of the acquired technology.

(U) For a number of reasons, we believe China poses a significantly greater foreign intelligence threat today than it did during most of the cold war era.

a. (U) China's economic boom has enabled the government to invest in a broad spectrum of advanced technical intelligence collection capabilities. That increase in basic capability poses a rising challenge to U.S. military, intelligence, and security operations.

b. (U) The sizable increase in immigrants and visitors from China to the United States has created a large pool of potential targets for PRCIS. For example, in 1989 about 32,000 immigrants entered the United States from China. By comparison, in 2006 and 2007 the figures were about 87,000 and 77,000. The overwhelming majority of these visitors are in the United States to pursue legitimate objectives, but Chinese intelligence services and other PRC Government institutions exploit the access these individuals afford.

(U) We respectfully recommend you refer your question regarding the challenges of prosecuting suspected espionage cases involving China to the Department of Justice.

(U) China has identified the U.S. critical infrastructure as a lucrative target for cyber as well as kinetic attacks; however, we have little direct information on specific plans to attack these systems. We assess that Beijing currently has the technical capabilities to target and disrupt elements of the U.S. information infrastructure and aggressively targets U.S. Government, military, and private sector information systems for intelligence collection. Over the past two years, a number of U.S. Government departments and agencies—including the Department of State, the Department of Commerce, the Department of Energy, and the Department of Defense—have been victims of computer network intrusions that appear to have originated in China. Determining the exact origins of these attacks, however, is a challenging technical problem.

Question 11: (U) Between 2004 and 2005, Egypt experienced a series of bombings against tourist sites in the Sinai Peninsula. Since then, the situation has become relatively stable. In your opinion, were these bombings a result of local grievances, or were they influenced or carried out by international organizations such as al-Qa'ida? How secure is the Suez Canal, and are U.S. warships passing through the Canal a target for terrorist groups?

Answer:(U) TWJ appears to be motivated by Cairo's harsh treatment of the Bedouin community and difficult economic conditions in the Sinai Peninsula. Animosity between the Bedouin and the Egyptian government runs deep, although the Taba bombings marked the first Bedouin involvement in violence against the Egyptian state.

a. (U) The Bedouin tribes have historically considered themselves a distinct ethnic group from other Egyptians, and some Egyptians consider them second-class citizens.

b. (U) The Egyptian government has largely failed to deliver on promises to improve economic opportunities and infrastructure in the Sinai, and the aggressive tactics of the Egyptian security services in the northern Sinai following the attacks likely fueled further resentment of the central government.

Question 12: (U) a) Do you believe that it is important for the Intelligence Community to examine issues such as water shortages, disease, and the environment as threats to U.S. national security? What unique resources, expertise, or information does the Intelligence Community have to add to this issue? To what extent have

Intelligence Community analysts examined the impact of climate change? Does the Intelligence Community have sufficient resources to adequately address the environmental change issue? What judgments, if any, have they made with regard to the potential impact of climate change on National Security? How much analytic disagreement, if any, has there been with regard to the potential impact of climate change on National Security, and how would you characterize the range of any such disagreement? b) To what degree do the intelligence services of the other countries view climate change as a national security issue? c) Which world's regions have analysts assessed to be at greater risk of instability as a result of climate change? Of those regions, will any significantly affect U.S. national security, and over what period of time could such a threat expect to emerge? d) What is the assessment of the eventual likelihood of territorial conflict due to climate change? What conclusion, if any, have intelligence analysts reached with regard to climate change, its impact on regional and global instability, and the effect such instability may have on religious and political extremism and, ultimate, any increase in terrorism?

Answer: (U) This question calls for a partial classified response. The Intelligence Community (IC) examines state stability as a critical part of determining potential threats to U.S. interests. In this analysis, water shortages, disease, and the environment are considered along with other factors. The IC also considers the effects that climate change negotiations and mitigation efforts will have on the U.S. economy, its trade goals, and its diplomatic relationships with the international community. Based upon a recent National Intelligence Priorities Framework (NIPF) review and Congressional interest, the National Intelligence Council (NIC) is preparing a National Intelligence Assessment (NIA) on the national security impacts of global climate change to 2030. The assessment will provide judgments of the IC on the broad potential impacts of climate change on National Security. This assessment has not yet been completed so we have no information on any analytical disagreement among the members of the IC. If there is disagreement, this will be documented in the NIA, using the same footnote procedure the NIC uses for National Intelligence Estimates (NIEs). For determining the physical impacts of environmental and climate changes, the IC relies heavily upon research work from other organizations (non-government and government). However, the general scientific literature and research is more concentrated at the global level, and often not targeted at areas that may be of interest to the IC. In addition, many climate-related impacts on state and regional stability are likely to be felt first in areas of the world where IC agencies—particularly collection agencies—have limited resources and expertise. Hence, there is a need for better research/information on state/regional level on physical, agricultural, economic, social, and political impacts from climate change. This research does not necessarily require classified sources or methods and may be performed in an open/unclassified environment. However, once the impacts are understood, the IC is equipped to make the determination if the impacts cross a national security threshold. A section of the NIA will be devoted to challenges to the IC in performing these kinds of assessments. The IC is evaluating its own ability to make contributions to the scientific study of environmental and climate change issues through a special study with the National Academy of Sciences (NAS). Results from this effort—which may also identify specific IC needs—are not expected until next year. As a result of previous research we had put in place a long-term collection program to observe critical sites using national classified systems, and these data are being routinely collected through the US Geological Survey (USGS) and the Civil Applications Committee (CAC). Working with NAS, we will add additional sites, globally, as appropriate. These data will be a valuable resource to evaluate future trends in climate and environmentally sensitive sites. In addition, the Department of Energy's Office of Intelligence and Counterintelligence is expanding its climate change analytical capabilities, as well as prototyping an unclassified strategic intelligence network focused on these issues.

(U) The regional impacts and likely significance to national security from climate change will be discussed in the forthcoming NIA.

(U) The potential for climate change to cause territorial conflict, or regional instability will be discussed in the forthcoming NIA.

Question 13: (U) Many health analysts are concerned about the threat of emerging (e.g. the H5N1 strain of avian influenza) or re-emerging (e.g. severe acute respiratory syndrome) infectious diseases. Is there a role for the Intelligence Community in the effort to protect the U.S. from diseases that might originate overseas but threaten U.S. territories? Does the Intelligence Community collect intelligence on the international efforts to improve state openness, global reporting, monitoring, and containment of infectious diseases, and to prepare for pandemics, coordinating

national and global responses to infectious disease outbreaks, and including resource and distribution challenges?

Answer: (U) The Intelligence Community (IC) plays a crucial role in the protection of U.S. persons and national interests from emerging or re-emerging disease outbreaks. The IC provides earliest possible warning, and forecasts potential primary, secondary, and tertiary impacts from these events, using both clandestine collection and open source collection of foreign print and electronic media.

(U) Not all countries are capable of detecting—or are forthcoming in reporting—disease outbreaks. In the absence of such data, there may be important gaps in the international disease surveillance conducted by national and international health agencies such as the Centers for Disease Control (CDC) and the World Health Organization (WHO). The IC helps to close these gaps through the use of clandestine reporting and foreign language open source material that provide insights into foreign governments' transparency, capabilities, intentions, and effectiveness in responding to disease outbreaks. Further, the IC is developing partnerships with non-IC agencies such as the CDC to enable data sharing and strengthen US government warning capabilities for emerging and re-emerging diseases. IC examination of foreign news websites through use of an Open Source Center capability called ARGUS provided the CDC with the first indications of an Ebola outbreak in the Democratic Republic of Congo last year.

(U) While national and international health agencies assess information on the spread of emerging diseases and their impact on the health of populations, the IC is unique in providing policymakers with all-source analysis of potential primary, secondary, and tertiary impacts from these events (including the international political, economic, and security ripple effects). Further, the IC provides dynamic threat assessments and develops scenarios that clarify how a foreign government may respond should an outbreak occur. The 2003 outbreak of Severe Acute Respiratory Syndrome (SARS)—which, in spite of a very low mortality rate resulted in an estimated $40 billion of economic losses in affected countries—demonstrated that the strategic impact of a disease can outweigh the public health one. Throughout the SARS period, IC analysts tracked not only the course of the disease, but the havoc it was wreaking on the global economy.

Question 14: (U) What intelligence does the Intelligence Community have about how the U.S. position on the use of enhanced interrogation techniques impacts U.S. national security interests? What does that intelligence indicate?

Answer: (U) The Central Intelligence Agency will respond to this question under separate correspondence.

Question 15: (U) a) Please describe the recently announced Cyber Initiative (cyber security) program. Is the program focused only on cyber security related issues relevant to the Intelligence Community?

Answer: (U) This question can be answered only at the classified level. The program is focused on the critical cyber infrastructure of the U.S., beginning with that of the entire Federal Government. The role of the Intelligence Community (IC) is only one small part of a holistic inter-agency effort to improve cyber security across the government. The U.S. information infrastructure, which is critical to our national security and prosperity, is under constant threat by a growing array of state- and non-state adversaries. An integrated and holistic national approach is needed to implement effective solutions, and will include an emphasis on defensive and offensive capabilities such as intelligence, law enforcement, counterintelligence, and information assurance capabilities.

Question 15: (U) b) There has been much criticism over the years that the IC increasingly has focused on current or tactical intelligence rather than on strategic intelligence. The result, according to some observers, is that the government's capacity to think broadly and strategically has been reduced. Do you agree with that general assessment? If so, what steps have you taken to address the problem and what evidence can you submit that would indicate progress? If not, why not?

Answer: (U) In March 2005 the Commission tasked to investigate the IC's approach to Iraqi Weapons of Mass Destruction (WMD) issued their report. The report addressed the IC's need to foster long-term research and strategic thinking, and recommended a dedicated research and analysis unit within the National Intelligence Council (NIC).

(U) In 2006, the Office of the DNI took seriously the Commission's diagnosis and recommendation, and established a new dedicated organization, the Long-Range Analysis Unit, within the NIC. The Unit is staffed by a combination of research di-

rectors and rotational analysts from across the IC and has been active in developing strategic intelligence for the National Security Council and the policy planning staffs of the Departments of State and Defense.

(U) The Unit's staff works closely with analysts from across IC agencies and a wide range of outside academics, researchers and practitioners on issues deemed important for strategic intelligence. The Unit has produced strategic intelligence on the implications of WMD proliferation, the prospects for global democratization, the implications of the rise of China, and the social and political consequences of climate change, among many other issues. Since mid-2006, the Unit has produced 14 strategic level studies.

(U) The Unit is currently taking the IC lead on development of a large study on global trends looking out fifteen to twenty years. The study effort is undertaken every 4 years, and the results are widely used by policymakers, academics, and the media both in the US and abroad. A key purpose of the study is to orient top US policymakers toward the trends and likely contexts in which future policy will be developed and implemented.

(U) Besides the LRAU's work, the NIC continues to provide policymakers with IC-coordinated strategic analysis. As with LRAU papers, NIC products oftentimes serves to orient and prompt strategic-level analysis from the individual analytic agencies. In the past few years, individual agencies—such as the CIA/DI—also have developed extensive annual research programs, which emphasize strategic and long-range analysis.

Question 15: (U) c) The 9/11 Commission and other groups have argued that in the past, intelligence agencies tended to rely on information from sensitive sources, neglecting important information available in newspapers, the Internet and other "open sources." Are you satisfied that open source information is currently being thoroughly and effectively used by intelligence agencies? What steps have been taken to ensure the integration of Open Source information into all source analysis?

Answer: (U) The Deputy Director of National Intelligence for Collection will respond to this question under separate correspondence.

Question 16: (U) The CSIS Commission on Smart Power's recent report noted that the United States influence abroad has waned dramatically, with majorities of the world's population not trusting the U.S. to act responsibly, and viewing our role in the world negatively. These numbers have become even worse in the last years — especially in the Middle East. How significant is the United States standing in the world to the Intelligence Community? How do negative views of the U.S. impact our national security?

Answer: (U) Department of State polling confirms the general observation that foreign publics, especially in the Middle East, have a much more negative view of the United States than they did a decade ago. That, however, is not the only facet of public opinion that has salience for foreign policy formulation. Polling also indicates, for example, that in a number of countries, including some in the Middle East, polled individuals value relations with the United States and frequently describe relations as generally good, even if their view of the United States is less than rosy. These findings point to a pragmatic sense among publics about bilateral relations that leaders draw upon as part of their policymaking calculus in deciding whether to cooperate with the United States on various issues.

Question 17: (U) a) Do public threats against the government of Iran weaken or strengthen the opposition to the regime of the Ayatollahs? How strong is Ahmadi-Nejad's position? b) The American ambassador to the U.N. said on February 1, 2008, that the U.S. led invasions of Afghanistan and Iraq "helped Iran's relative position in the region." Do you agree with his assessment? c) What is your assessment of the likelihood that Iran and Syria would be willing to engage in multilateral efforts to stabilize Iraq? d) Are sanctions against Iran having an effect on the country? Have they had an effect in changing decisions by Iran's leaders? e) Was the January 2008 Strait of Hormuz incident a deliberate attempt to force a confrontation between Iran and the United States? Is there a danger that a similar incident in the future could lead to an unintended conflict between the U.S. and Iran?

Answer: (U) Public threats against the government of Iran—which presumably would target Iran's objectionable foreign policies or nuclear program—probably do little to strengthen opposition to the regime, but may provoke policy debates among regime elites.

a. (U) Internal opposition to the regime is fragmented and primarily is based on parochial domestic issues—such as ethnic, religious, and localized economic

or political grievances—that have little linkage to regime activities that might prompt foreign threats.

b. (U) Iran's leaders frequently attempt to use foreign threats to rally support for the regime. For example, Iranian elites in March 2008 tried to use the passage of U.N. Security Council Resolution 1803, which placed additional international sanctions on Iran, to encourage greater voter participation in Iran's Majles (parliament) elections as a sign of popular support for the government and opposition to international pressure.

c. (U) Nonetheless, we judge that foreign threats play a role in internal policy debates and political infighting between regime insiders. Iranian leaders who favor a more pragmatic approach to international affairs sometimes blame their hard-line rivals for engaging in provocative actions that may endanger or disadvantage Iran.

(U) President Mahmud Ahmadi-Nejad's internal political standing and prospects for re-election are unclear. Ahmadi-Nejad's policies and abrasive style appear to have alienated many regime elites, but he retains the public support of Supreme Leader Khamenei and, so far, seems to have escaped popular blame for his controversial actions and inflationary economic policies.

a. (U) We judge that many senior regime figures have serious concerns about Ahmadi-Nejad's policies—especially his populist economic programs and provocative approach to international affairs—or dislike his management practices and political style. In addition, we judge that Ahmadi-Nejad's economic policies are fueling inflation and other economic problems, which are the biggest source of popular dissatisfaction with the regime.

b. (U) Nonetheless, Ahmadi-Nejad retains the public backing of Supreme Leader Khamenei and we see little open indication that he is being broadly blamed by the Iranian public for Iran's economic woes and increased international isolation.

c. (U) The Majles (parliament) elections on 15 March should have provided the latest opportunity to judge Iranian public attitudes toward national political issues, but candidate vetting, restrictions on campaign techniques, the re-election of relatively few incumbents, and the murky nature of Iranian domestic political affiliations make it difficult to determine how Ahmadi-Nejad's allies fared.

d. (U) We note that Ahmadi-Nejad's institutional authority—despite his elevated public profile—pales in comparison to Supreme Leader Khamenei, who remains the ultimate decisionmaker on Iranian domestic and foreign policy.

(U) Iranian leaders probably perceive that regional developments—including the removal of Saddam and the Taliban, challenges facing the U.S. in Iraq and Afghanistan, and the influence of HAMAS and Hizballah—have given Tehran more opportunities and freedom to pursue its objective of becoming a regional power. Despite Tehran's ambitions, we judge regional geo-strategic rivalries, religious and ethnic animosities, and concerns of neighboring states regarding Iran's foreign policy and military programs will limit the success of Iran's efforts to expand its influence.

(U) We assess that Iran likely would be willing to participate in multilateral efforts to stabilize Iraq, but we note that any participation would primarily be intended to further Iran's own interests in Iraq. Tehran would see participation in such efforts as an opportunity to legitimize its presence in Iraq, learn more about the activities of other foreign actors engaged in Iraqi stabilization efforts, and perhaps direct additional international resources to its allies.

a. (U) Tehran's ability to help stabilize Iraq may be limited. Although Iranian lethal aid to Shia militias in Iraq currently enables violence, we judge that Tehran has only a limited ability to encourage reconciliation.

b. (U) Nonetheless, Iranian participation in such efforts might be useful in terms of aligning Iranian assistance with broader international efforts, reducing some of Iran's concerns that Coalition activity in Iraq is targeting their interests, and giving the U.S. additional insight into the scope of Iranian involvement in Iraq.

c. (U) Syria also most likely would be willing to participate in multilateral efforts to stabilize Iraq to gain influence in any Iraqi government and to look cooperative to the international community. Damascus's contribution to stability probably would be limited to increasing patrols of its border with Iraq and taking more consistent steps to stop the flow of foreign fighters transiting Syria. Syria, however, probably would continue reaching out to Iraqi Sunni and Shia

groups to increase its influence regardless of the implications for multilateral efforts.

(U) We judge that U.S. and U.N. actions against Iran since the fall of 2006 have disrupted Iran's international financial and commercial activity, raised its cost of business, and contributed to Tehran's continuing engagement in discussions about its nuclear policy. Tehran, however, is seeking to minimize the effect of sanctions by developing options and we see little indication that sanctions yet have changed decisions by Iran's leaders who, for example, remain publicly resolute about not suspending uranium enrichment.

(U) We assess the January 2008 Strait of Hormuz incident likely was initiated unilaterally by local Iranian Navy commanders and that it was not an attempt by Tehran to provoke a confrontation between Iran and the United States. We see no indication, however, that Tehran has instructed naval units to alter their operational approach or to less aggressively defend Iran's maritime boundaries. The assertive attitude of Iranian naval units and ongoing bilateral tensions between Iran and the United States make similar future incidents likely. There is a danger of escalation should a future incident turn violent.

Question 18: Is Hizballah stronger or weaker than at the end of the conflict with Israel in the summer of 2006? Given that many believe that Hizballah is a more capable organization than al-Qa'ida, do you believe we are allocating enough intelligence resources against it?

Question 19: (U) a) Which foreign intelligence service currently poses the most significant counterintelligence threat to the United States? What intelligence or sensitive information is that service generally targeting for collection? b) The Department of Energy oversees a complex of scientific laboratories that engage in some of this government's most sensitive nuclear research. How significant a target do the laboratories remain for foreign intelligence services? Which foreign service do you view as the most aggressive at targeting the national laboratories, and what information and intelligence is being targeted for collection? c) As director of the government agency with principal responsibility for counterintelligence, what is your assessment of the quality of DOE's counterintelligence program? d) How serious is the cyber threat confronting the DOE complex, including its weapons laboratories and what steps are being taken to address the problem? What evidence can you point to that indicated progress is being made in confronting this problem?

Question 20: (U) In your testimony before the Committee, you stated that "we do not use coercive techniques of any sort in the course of our interrogations." Have you been briefed on the CIA's enhanced interrogation techniques? If so, do you consider the CIA's enhanced interrogation techniques to be coercive? Please elaborate. Has the FBI's Office of General Counsel examined the Army Field Manual? Has the FBI determined whether its interrogation and/or interview techniques would be affected if the FBI were limited to only those techniques authorized by the Army Field Manual?

Answer: (U) Although I am aware generally (largely from press reports) of some of the enhanced interrogation techniques the CIA has used, I have not been briefed on their "enhanced interrogation techniques" and I can, therefore, not comment on whether they are coercive. In my opinion, though, waterboarding, which General Hayden has acknowledged was used on certain high value detainees, is coercive.

(U) As for the FBI's interrogation policy, the FBI has continued its time-tested interrogation technique of "rapport-based interviewing" in its criminal and intelligence interviews, both domestically and abroad. This technique comports with the U.S. Federal Court due process standard for voluntariness. Furthermore, "[i]t is the policy of the FBI that no attempt be made to obtain a statement by force, threats, or promises." This interrogation policy was reaffirmed in a 5/19/04 Electronic Communication (EC), subject: "Treatment of Prisoners and Detainees," from the FBI General Counsel to all FBI divisions. This EC stated: "It is the policy of the FBI that no interrogation of detainees, regardless of status, shall be conducted using methods which could be interpreted as inherently coercive, such as physical abuse or the threat of such abuse to the person being interrogated or to any third party, or imposing severe physical conditions.

(U) The FBI's Office of the General Counsel is familiar with the relevant portions of the applicable Army Field Manual, including its list of eighteen permitted interrogation approaches. We are not aware of any FBI technique that would be prohibited by the Field Manual. Likewise, we are not aware of any Field Manual technique the FBI would prohibit. Nevertheless, we do not believe that a manual designed for use by soldiers, who may have limited law enforcement experience and education, on a battlefield would be appropriately applied to the FBI, which has both a domes-

tic law enforcement mission and a national security mission. The FBI has a long history of conducting interviews using techniques that have been accepted by Article III Courts for use in interviewing criminal defendants. These standards could be different from those acceptable for use in a battlefield setting. It would be counterproductive if the FBI were forced to return to the courts to demonstrate that its currently court-approved techniques remain legitimate under the Field Manual's standards.

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