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CURRENT AND FUTURE WORLDWIDE THREATS TO THE NATIONAL SECURITY OF THE UNITED STATES

HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

MARCH 10, 2009

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CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

CURRENT AND FUTURE WORLDWIDE THREATS TO THE NATIONAL SECURITY OF THE UNITED STATES

MARCH 10, 2009

	Page
Blair, Hon. Dennis C., Director, National Intelligence	6
Maples, LTG Michael D., USA, Director, Defense Intelligence Agency	41

CURRENT AND FUTURE WORLDWIDE THREATS TO THE NATIONAL SECURITY OF THE UNITED STATES

TUESDAY, MARCH 10, 2009

U.S. SENATE
COMMITTEE ON ARMED SERVICES
Washington, DC.

The committee met, pursuant to notice, at 9:36 a.m. in room SH–216, Hart Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Lieberman, Reed, E. Benjamin Nelson, Bayh, Webb, McCaskill, Udall, Hagan, Begich, Burris, McCain, Inhofe, Sessions, Graham, Thune, Martinez, Wicker, Vitter, and Collins.

Committee staff members present: Richard D. DeBobes, staff director; Leah C. Brewer, nominations and hearings clerk; and Mary J. Kyle, legislative clerk.

Majority staff members present: Madelyn R. Creedon, counsel; Richard W. Fieldhouse, professional staff member; Creighton Greene, professional staff member; Michael J. Kuiken, professional staff member; Thomas K. McConnell, professional staff member; William G.P. Monahan, counsel; Michael J. Noblet, professional staff member; John H. Quirk V, professional staff member; and William K. Sutey, professional staff member.

Minority staff members present: Joseph W. Bowab, Republican staff director; Adam J. Barker, research assistant; William M. Caniano, professional staff member; Richard H. Fontaine, Jr., deputy Republican staff director; and Paul C. Hutton IV, professional staff member.

Staff assistants present: Kevin A. Cronin, Jessica L. Kingston, and Ali Z. Pasha.

Committee members' assistants present: Sharon L. Waxman, assistant to Senator Kennedy; James Tuite, assistant to Senator Byrd; Christopher Griffin, assistant to Senator Lieberman; Elizabeth King, assistant to Senator Reed; Christopher Caple, assistant to Senator Bill Nelson; Ann Premer, assistant to Senator Ben Nelson; Jon Davey, assistant to Senator Bayh; Gordon I. Peterson, assistant to Senator Webb; Jennifer Barrett, assistant to Senator Udall; David Ramseur, assistant to Senator Begich; Anthony J. Lazarski, assistant to Senator Inhofe; Lenwood Landrum and Sandra Luff, assistants to Senator Sessions; Adam G. Brake, assistant to Senator Graham; Jason Van Beek, assistant to Senator Thune;

Brian W. Walsh and Erskine W. Wells III, assistants to Senator Martinez; and Chip Kennett, assistant to Senator Collins.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. I'd like to welcome our witnesses for today's hearing on current and longer-term threats and challenges around the world. We're delighted to have the Director of National Intelligence (DNI), Dennis Blair, for his first appearance before us as DNI; and the Defense Intelligence Agency (DIA) Director, General Michael Maples, for his final appearance before the Senate Armed Services Committee.

General Maples, on behalf of the committee, thank you for your great service to the Nation, and for your appearances before this committee.

General MAPLES. Thank you, sir.

Chairman LEVIN. This committee has a special responsibility to the men and women of our Armed Forces to be vigilant on intelligence programs, because decisions on whether or not to use military force, the planning for military operations, and carrying them out successfully depend so heavily on accurate intelligence.

I want to focus my remarks this morning on a few major challenges to our security. The situation in Afghanistan has been deteriorating for several years and is now a serious problem, necessitating the dispatch of additional U.S. forces even before the new administration completes its strategic review of the region and while it's working on a comprehensive regional approach to the problem. This situation is the result of: (1) years of large commitment of U.S. military troops in Iraq; (2) a disorganized and underresourced international effort in Afghanistan; (3) the disappointing performance by the Government of Afghanistan; and (4) a resurgent Taliban enjoying sanctuary in Pakistan across a border that the U.S. commander in that region, Brigadier General John Nicholson, says is "wide open."

Indeed, the Afghan-Taliban forces under Mullah Omar operate with impunity from Pakistan's Baluchistan province, crossing unhampered into southern Afghanistan. Other large Pakistan militant forces now dominate major portions of the Federally Administered Tribal Areas (FATA) in the Northwest Frontier Province. It is in these regions that al Qaeda is based and from which attacks in Afghanistan and Pakistan itself are launched.

The militant strongholds in Pakistan, however, are not simply a threat to Afghanistan. They have also become a clear threat to Pakistan's security and the source of major global terrorist threat from al Qaeda. The United States and our allies have to develop alternatives to address Pakistan's security concerns and persuade Pakistan to make a fundamental break with its past policies. I do not underestimate the challenge that this could present to Pakistan. I have doubts, however, as to whether Pakistan has the will or the capacity to make significant changes in the near term. Achieving a basic change in Pakistan's strategic security policy will take time, but we cannot make progress in Afghanistan or the defense of America against an al Qaeda attack dependent on a hoped-for change in Pakistan's calculus and capabilities.

There are many things that we and our allies can do in Afghanistan to protect the population, help them establish the rule of law, and improve their lives, while seeking ways to end the Pakistan safe havens. Can we fully succeed with an open border and safe havens in Pakistan? No. But progress in Afghanistan cannot await changes in Pakistan.

Relative to Iraq, the President has announced a timetable for reducing force levels in Iraq and reorienting our mission there. I look forward to the witnesses' estimates about likely Iraqi political developments, including the prospects for reconciliation and the peaceful settlement of the political and territorial issues in the north.

Turning to Iran, the Obama administration has initiated a new diplomatic approach to persuade Tehran to stop its uranium enrichment program, forego the acquisition of nuclear weapons, and behave more constructively in the region. Director Blair's statement today indicates that the Intelligence Community (IC) continues to believe that some combination of international scrutiny, pressure, and incentives might persuade Tehran to forego a nuclear weapon capability, but achieving this would be "difficult."

Secretary Clinton's invitation to Iran to participate in a conference on Afghanistan at the end of the month is an important test of whether Iran is willing to explore ways to begin a less confrontational relationship.

The Obama administration is trying to reset relations with Russia for multiple reasons. We have many common security interests with Russia and our mutual security will be best served if we cooperate to address our common security challenges. One important opportunity is the exploration of the possibility of cooperating with Russia on missile defense capabilities to provide protection against Iran's ballistic missile systems. A nuclear-armed Iran with ballistic missiles would be a common threat to which Russia cannot be indifferent. U.S.-Russia cooperation on missile defense would send a powerful signal to Iran, perhaps helping to dissuade Iran from continuing to violate U.N. resolutions.

Secretary Gates recently indicated that he thinks there is interest in Russia on cooperation, and I look forward to learning the views of the IC on this question as well this morning.

Clarity on the status of Iran's nuclear program is also crucial. Director Blair's testimony last month is consistent with the last National Intelligence Estimate (NIE), which concluded that, while Iran had halted its efforts to seek a nuclear warhead, Iran is continuing its uranium enrichment program and ballistic missile development efforts. Moreover, Iran has sufficient low-enriched uranium (LEU) to produce a nuclear weapon if it chooses to further enrich that material to weapons-grade levels. It would be useful for our witnesses to clarify the IC's view of Iran's current activities and its intent.

The other primary nuclear and missile proliferation challenge remains North Korea. North Korea rejected the verification protocol proposed in the Six-Party Talks in December and has since made a number of belligerent threats and appears to be preparing another attempt to launch a satellite with a system that could demonstrate many aspects of a long-range ballistic missile capability.

The question is whether North Korea will agree to acceptable verification of its declaration, including the issue of a suspected uranium enrichment program, and what that would mean for U.S. policy. North Korea has a habit of issuing dire threats when it does not get its way. To what lengths will the regime go to try to extract concessions and attempt to get us to re-engage on their terms?

The challenges confronting the U.S. Africa Command (AFRICOM) are vast and complex: ungoverned or undergoverned areas that offer potential havens and recruiting grounds for terrorist extremists and nations immersed in or emerging from conflict, where peace is elusive or fragile and international forces are required to provide much of the security and stability. Our thoughts are with all of the personnel of the aid agencies and the nongovernmental organizations being expelled from Sudan and the people they serve following the International Criminal Court's (ICC) arrest warrant for the president of Sudan. I look forward to hearing our witnesses' assessment of the implications of this decision by the ICC.

The challenges within our own hemisphere are complex. The violence in Mexico is becoming reminiscent of the situation in Colombia a decade ago. The root cause of the violence in Mexico is the same as Colombia: trafficking and profiting from illegal narcotics. The source of the vast majority of these drugs remains Colombia, but the problems created from the trafficking of these narcotics run from Panama City to Tijuana and includes the Pacific and Atlantic Oceans.

I would also appreciate it if you could add to your presentations this morning any information that you can provide us relative to the Chinese Government's intent and motive in the maneuvers of their ships against the USNS *Impeccable*, a Navy ship which was in the South China Sea and in international waters.

We are going to have a closed session following this session and will have a briefer from the Navy who is ready to brief the committee during our closed session on this matter in the China Sea. We've arranged, as I said, for that session and it's going to be in Hart 219 following this open session.

Senator McCain.

STATEMENT OF SENATOR JOHN McCAIN

Senator McCAIN. Thank you, Mr. Chairman, and I join you in welcoming our witnesses today.

Director Blair, I'd like to acknowledge and appreciate your willingness to return to government service and assume one of the most important and difficult positions in the executive branch.

General Maples, this is likely and on your part hopefully your last appearance before the committee as the Director of DIA. I know you will relinquish the directorship of DIA later this month and retire later this year. Thank you for your leadership of the DIA and for 38 years of distinguished service in the United States Army.

This is an important hearing on the committee's annual calendar. The committee has a special responsibility to look closely at our Nation's intelligence analysis, the nature of the threats we face today, and the intelligence programs that support those in harm's

way. We hope you'll describe the complex nature of today's international environment and identify those areas of risk, concern, and opportunity that are critical to our national security.

I hope we will be able to discuss and you're prepared to discuss security trends and prospects in Iraq and Afghanistan, the capabilities and intent of al Qaeda, including threats to the U.S. Homeland, U.S. interests worldwide, and the outlook for Pakistan, especially progress against extremism in its FATAs and the possibility of an outbreak in military hostilities with India.

In addition, Iran's nuclear ambitions pose a large and enduring problem to our interests, and there are also ongoing developments with respect to Russia, China, and North Korea.

Closer to home, there's a widening drug war on Mexico's border with the United States and our Department of Justice has identified Mexican gangs as "the biggest organized crime threat to the United States." We'd benefit from your views on these issues.

The committee is also interested in your estimates about the destabilizing impact of the global economic crisis on our allies and adversaries, the domestic and international impact of global climate change on our national security, and the threats to the U.S. information infrastructure posed by both state and non-state actors.

Our forces around the world, and especially in Iraq and Afghanistan, put a premium on the intelligence support they receive, especially those conducting counterinsurgency and counterterrorism operations. The committee is interested in the state of our human intelligence capability, linguist resources, and intelligence, surveillance, and reconnaissance (ISR) capacities.

I thank the witnesses for their appearance today and I also am interested in any public statements prior to our closed hearing that you might make on the apparent confrontation at sea with Chinese naval forces.

I thank you, Mr. Chairman.

[The prepared statement of Senator McCain follows:]

PREPARED STATEMENT BY SENATOR JOHN MCCAIN

Mr Chairman, thank you.

I join you in welcoming our witnesses today.

Director Blair, I would also like to acknowledge your willingness to return to government service and to assume one of the most important and difficult positions in the executive branch.

General Maples, this likely is your last appearance before the committee as the Director of the Defense Intelligence Agency (DIA). I know you will relinquish the directorship of DIA later this month and retire later in the year. Thank you for your leadership at DIA and for your years of distinguished service in the United States Army.

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We expect you to describe the complex nature of today's international environment and identify those areas of risk, concern, and opportunity that are critical to our national security.

In that regard, we hope that you are prepared to discuss security trends and prospects in Iraq and Afghanistan; the capabilities and intent of al Qaeda, including threats to the U.S. Homeland and U.S. interests worldwide; and the outlook for Pakistan, especially progress against extremism in its Federally Administered Tribal Areas and the possibility of an outbreak in military hostilities with India.

In addition, Iran's nuclear ambitions pose a large and enduring problem to our interests, and there are ongoing developments with respect to Russia, China, and

North Korea. Closer to home, there is a broadening drug war on Mexico's border with the United States and our Justice Department has identified Mexican gangs as the "biggest organized crime threat to the United States." We would benefit from your views on these issues.

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Our forces around the world, and especially in Iraq and Afghanistan, put a premium on the intelligence support that they receive, especially those conducting counterinsurgency and counterterrorism operations. The committee is interested in the state of our human intelligence capability; linguist resources; and intelligence, surveillance, and reconnaissance capacities.

Mr Chairman, thank you and I look forward to hearing from our witnesses.

Chairman LEVIN. Thank you so much, Senator McCain.

Director Blair.

STATEMENT OF HON. DENNIS C. BLAIR, DIRECTOR, NATIONAL INTELLIGENCE

Director BLAIR. Chairman Levin, Ranking Member McCain, members of the committee, this morning General Maples and I represent thousands of patriotic, highly skilled professionals, the world's finest intelligence team. All these intelligence agencies participated in compiling the information and analysis that I'm reporting on this morning and the longer statements for the record which we submitted.

My report is not simply of threats, but also of opportunities and a tour of the complex and dynamic national security landscape with which the United States must deal. Let me start with the global economic crisis.

It already looms as the most serious one in decades. You may have seen yesterday's World Bank estimates that both world gross domestic product (GDP) and trade are declining at unprecedented rates. Since September of last year, 10 nations have committed to new International Monetary Fund (IMF) programs and, unlike the 1997–1998 Asian financial crisis, no country or region can export its way out of this one.

The stakes are high. Mexico, with its close trade links to the United States, is vulnerable to a prolonged U.S. recession. Europe and the former Soviet bloc have experienced anti-state demonstrations. Much of Eurasia, Latin America, and sub-Saharan Africa lack sufficient cash reserves and access to international aid.

Economic crises increase the risk of regime-threatening instability if they are prolonged 1 or 2 years, and we're watching this closely. Instability can loosen the fragile hold that many developing countries have on law and order.

There are some silver linings. With low oil prices, Venezuela will face fiscal constraints this year. Iran's president faces less than certain prospects for reelection in June. However, a serious energy supply crunch may happen in the longer range future if sustained low prices lead to major cuts or delays in new investments in the near term.

This crisis presents challenges for the United States, who is generally held to be responsible for it. The November G–20 summit elevated the influence of emerging market nations, but the United States also has opportunities to demonstrate increased leadership.

Our openness, development, skills, leadership skills, the mobility of our workforce, puts us in a better position to re-invent ourselves. Washington will have the opportunity to fashion new global structures that can benefit all nations.

Turning to terrorism, importantly, we have seen progress in Muslim opinion turning against terrorist groups. Over the last 18 months, al Qaeda has faced public criticism from prominent religious leaders and even from fellow extremists. In 2008, these terrorists did not achieve their goal of conducting another major attack on the United States and no major country is at immediate risk of collapse from extreme terrorist groups.

Replacing the loss of key leaders since 2008 in Pakistan's FATAs has proved difficult for al Qaeda. Al Qaeda in Iraq continues to be squeezed. Saudi Arabia's aggressive counterterrorism efforts have rendered the Kingdom a harsh operating environment for al Qaeda.

But despite these setbacks, al Qaeda remains dangerous. Yemen is reemerging as a jihadist battleground. The capabilities of terrorist groups in East Africa will increase in the next year and we remain concerned about the potential for home-grown American extremists inspired by al Qaeda's militant ideology to plan attacks in this country.

There are many challenges in that region that stretches from the Middle East to South Asia, and these challenges exist despite the progress I outlined in countering violent extremism. The United States has strong tools from military force to diplomacy and good relations with the vast majority of these nations and we will need all these tools in order to help forge a durable structure for peace and prosperity.

The revival of Iran as a regional power, the deepening of ethnic, sectarian, and economic divisions across much of the region, the looming leadership succession among U.S. allies, all these factors are shaping the strategic landscape. Hezbollah and Hamas, with support from Iran, champion armed resistance to Israel, a development that complicates efforts to resolve the Israeli-Palestinian dispute and undercuts the legitimacy of moderate Arab states that support negotiated settlements. Battlelines are increasingly drawn in that part of the world, not just between Israel and Arab countries, but also between secular Arab nationalists and ascendant Islamic nationalist movements inside moderate states.

The Iranian regime views the United States as its principal enemy and a threat to Iran. A more assertive regional Iranian foreign policy coupled with its dogged development of a uranium enrichment capability alarms most governments in the region from Riyadh to Tel Aviv.

The Levant is the key focal point for these strategic shifts. Recent fighting between Israel and Hamas on the Gaza Strip has deepened Palestinian political divisions. It's also widened the rift between regional moderates, led by Egypt, Jordan, Saudi Arabia, and hard-liners, including Iran, Hezbollah, and Syria. With Hamas controlling Gaza and Hezbollah growing stronger in Lebanon, progress on a Palestinian-Israeli accord is much more difficult. With Iran pursuing uranium enrichment and Israel determined not to allow it to develop a nuclear weapon capability, there is potential for an Iran-Israeli confrontation or crisis. Moderate Arab states

fear a nuclear-armed Iran, but without progress on a Palestinian settlement they are harder put to defend their ties to the United States.

In Iraq, coalition and Iraqi operations and dwindling popular tolerance for violence have helped to sideline extremists. Fewer Iraqis are dying at the hands of their countrymen than at any time in the last 2 years. Nevertheless, disputed internal boundaries, perceptions of government repression, or increased foreign support to insurgent or militia groups could reverse political and security progress, and Baghdad also will be coping with declining oil revenues.

In Afghanistan, the Taliban-dominated insurgency forces have demonstrated greater aggressiveness. Improved governance and extended development were hampered in 2008 by a lack of security. Afghan leaders must tackle endemic corruption and an extensive drug trade. Progress has been made in expanding and fielding the Afghan National Army, but many factors hamper efforts to make the units capable of independent action. The upcoming 2009 presidential election will present a greater security challenge than the election of 2004 and insurgents will probably make a concerted effort to disrupt it.

Improvement in Afghanistan and Pakistan's taking control of their border areas, improving governance, and creating economic and educational opportunities throughout the country are linked. I agree, Chairman Levin, that that doesn't mean that you can't do anything in Afghanistan without solving Pakistan, but there is a linkage between these two that we have to address in making our policy.

In 2008, Islamabad intensified counterinsurgency efforts, but its record in dealing with militants has been mixed. It balances conflicting internal and counterterrorist priorities. The government is losing authority in the north and the west and even in the more developed parts of the country mounting economic hardships and frustration over poor governance have given rise to greater radicalization.

The time when only a few states had access to the most dangerous technologies is long over. Often dual use, they circulate easily in our globalized economy, as does the scientific expertise. It is difficult for the United States and its partners to track efforts to acquire components and production technologies that are widely available. Traditional deterrence and diplomacy constraints may not prevent terrorist groups from using mass effect weapons, and one of the biggest security challenges facing the United States is fashioning a more effective nonproliferation strategy along with our partners.

As the chairman mentioned, the assessments in our 2000 NIE about Iran's nuclear weapons programs are generally still valid. Iran at a minimum is keeping open the option to develop deliverable nuclear weapons. The halt since 2003 in nuclear weapons design and weaponization was primarily in response to increasing international scrutiny, and we assess that some combination of threats and intensified international attention and pressures, along with opportunities for Iran to achieve its security goals, might

prompt Iran to extend this halt to some nuclear weapons-related activities.

Let me turn to Asia, rapidly becoming the long-term locus of power in the world. Japan remains the world's second largest global economy and a strong ally of the United States, but the global downturn is exacting a heavy toll on Japan's economy. To realize its aspirations to play a stronger regional and perhaps global role will require political leadership and difficult decisions by Japan.

The rising giants, China and India, are playing increasing regional roles economically, politically, and militarily. China tries to assure access to markets, commodities, and energy supplies needed to sustain domestic economic growth. Chinese diplomacy seeks to maintain favorable relations with other powers, especially the United States. The global downturn, however, threatens China's domestic stability and Chinese leaders are taking both economic and security steps to deal with it.

Taiwan as an area of tension in U.S.-China relations has substantially relaxed. Taiwan President Ma, inaugurated in May, has resumed dialogue with Beijing, and leaders on both sides of the Straits are cautiously optimistic about less confrontational relations. Nonetheless, preparations for a Taiwan conflict drive the modernization goals of the People's Liberation Army (PLA).

But in addition to that, China's security interests are broadening. A full civilian and military space capability, and formidable capabilities in cyberspace are rapidly developing. China will attempt to develop at least a limited naval projection capability, which is already reflected in anti-piracy operations off the coast of Somalia, and we can talk about the incident that happened recently in the South China Sea.

Like China, India's expanding economy will lead New Delhi to pursue new trade partners, to gain access to vital energy markets, and to develop other resources that sustain rapid growth. India's growth rate will slow this coming year, but ample reserves and a sound banking system will help ensure relative stability.

Determined efforts by Indian and Pakistani leaders to improve relations could unravel unless Islamabad takes meaningful steps to cut support to anti-Indian militant groups and New Delhi for its part makes credible efforts to allay Pakistan's security concerns. The increase in violent attacks within India is a cause of great concern to its government, as is instability in neighboring countries in South Asia, and I think the attacks in Islamabad on cricket teams was the latest instance of that.

On the global stage, Indian leaders will continue to follow an independent course. That we are both democracies does not guarantee congruence of our interests. Nonetheless, good relations with the United States will be important for India to realize its global ambitions.

Although the Middle East and Asia have the highest call on our attention, our concerns are broader. Russia is actively cultivating relations with regional powers, including China, Iran, and Venezuela. Moscow also is trying to maintain control over energy networks to Europe and to East Asia. Russian leaders have spoken positively about the possibilities for a change in the U.S.-Russian dynamic, but the North Atlantic Treaty Organization (NATO) en-

largement, the conflict over Georgia's separatist region, and missile defense could pose difficulties because of the combination of overlapping and conflicting interests there.

In Latin America, populist, often autocratic, regimes pose challenges to the region's long-term success. Basic law and order issues, including rising violent crime, powerful drug trafficking organizations, confront key hemispheric nations, as do uneven governance and institution-building efforts in confronting chronic corruption. The corruptive influence and increasing violence of Mexican drug cartels impedes Mexico City's ability to govern parts of its territory. Unless the United States is able to deliver market access on a permanent and meaningful basis, its traditionally privileged position in the region could erode, with a concomitant decline in political influence.

In addition, the United States has an opportunity to partner with Mexico in promoting our common interests in the region, including working against the drug cartels, stopping weapons moving generally south along the border, and working on other common issues.

Africa has made substantial economic and political progress over the past decade and the level of open warfare has declined significantly, especially in Liberia, Sierra Leone, and the Ivory Coast. However, the drop in commodity prices and global recession will test the durability of the region's recent positive growth trend. Even before the current crisis, the 6 percent GDP growth rate in Africa, although impressive, was not able to bring the necessary structural changes to reduce poverty and a number of intractable conflicts persist in the Democratic Republic of Congo, Nigeria, Sudan, and Somalia.

In Darfur, peace talks remain stymied, the larger peacekeeping force is slow in deploying, and the recent actions that the chairman referred to have made progress there even more difficult.

Let me finish with the long-term challenge of environmental security and the threats to our information technology infrastructure. Adding more than a billion people to the world's population by 2025 will put pressure on clean energy sources and food and water supplies. Most of the world's population will move from rural to urban areas. They're seeking economic opportunity and many, particularly in Asia, will achieve advanced lifestyles with greater per capita consumption and greater generation per capita of pollution.

According to the United Nations (U.N.) International Panel on Climate Change, physical effects of climate change will worsen in coming years. Multilateral policymaking on climate change is likely to be substantial and will be a growing priority among traditional security affairs. The world sees the United States in a pivotal leadership role.

As effects of climate change mount, the United States will come under increasing pressure to help the international community set goals for emissions reductions and to help others through technological progress.

Finally, threats to our information technology infrastructure. It is becoming both indispensable to the functioning of our society and vulnerable to catastrophic disruptions in a way that the old decentralized analog systems were not. Cybersystems are being targeted

for exploitation and potentially for disruption or destruction, and it's being done by an increasing array of both non-state and state adversaries.

Network defense technologies are widely available to mitigate threats, but they have not been uniformly adopted. A number of nations, including Russia and China, can disrupt elements of our information infrastructure. We must take proactive measures to detect and prevent intrusions before they cause significant damage. We must recognize that cyber defense is not a one-time fix. It requires a continual investment in hardware, software, and cyber defenses.

In conclusion, the international security environment is complex. The global financial crisis has exacerbated what was already a growing set of political and economic uncertainties. We're nevertheless in a strong position to shape a world reflecting universal aspirations and the values that have motivated Americans since 1776: human rights, the rule of law, liberal market economics, and social justice. Whether we can succeed will depend on actions we take here at home, restoring strong economic growth and maintaining our scientific and technological edge, and defending ourselves at reasonable cost, while preserving our civil liberties.

It will also depend on actions abroad, not only how we deal with individual regions, individual regimes, individual crises, but also on how we develop a new multilateral system, formal or informal, for effective international cooperation in areas like trade and finance, in neutralizing extremist groups using terrorism, in controlling the proliferation of weapons of mass destruction (WMD), in developing codes of conduct for cyberspace and space, and in mitigating and slowing global climate change.

Mr. Chairman, subject to your questions, that concludes the prepared remarks.

[The prepared statement of Director Blair follows:]

PREPARED STATEMENT BY DENNIS C. BLAIR

Chairman Levin, Ranking Member McCain, and members of the committee, thank you for the invitation to offer my assessment of threats to U.S. national security. I am pleased to be joined by my colleague, Lieutenant General Michael Maples, the Director of the Defense Intelligence Agency (DIA), and I am proud to lead the world's best Intelligence Community (IC). In addition to this unclassified statement for the record, I have also submitted a classified statement for the record.

FAR-REACHING IMPACT OF GLOBAL ECONOMIC CRISIS

The primary near-term security concern of the United States is the global economic crisis and its geopolitical implications. The crisis has been ongoing for over a year, and economists are divided over whether and when we could hit bottom. Some even fear that the recession could further deepen and reach the level of the Great Depression. Of course, all of us recall the dramatic political consequences wrought by the economic turmoil of the 1920s and 1930s in Europe, the instability, and high levels of violent extremism. Though we do not know its eventual scale, it already looms as the most serious global economic and financial crisis in decades.

Forecasts differ significantly over the depth of the downturn. Industrialized countries are already in recession, and growth in emerging market countries, previously thought to be immune from an industrialized country financial crisis, has also faltered, and many are in recession as well. Even China and India have seen their dynamic growth engines take a hit as they grapple with falling demand for their exports and a slowdown in foreign direct and portfolio investments. Governments worldwide are initiating monetary and fiscal stimulus programs designed to stabilize and recapitalize their financial sectors, cushion the impact of stalling economic activity, and eventually jumpstart a recovery, perhaps as early as late 2009.

The International Monetary Fund (IMF), which recently released its revised forecast for 2009 projecting an anemic 0.5 percent increase in the global economy, warns that the risks to the global economy are on the downside.

The financial crisis and global recession are likely to produce a wave of economic crises in emerging market nations over the next year, prompting additional countries to request IMF or other multilateral or bilateral support. Since September 2008, 10 nations committed to new IMF programs intended to provide balance of payments support. All face the task of tackling economic problems in a less benign global economic environment. Unlike the Asian financial crisis of 1997–1998, the globally synchronized nature of this slowdown means that countries will not be able to export their way out of this recession. Indeed, policies designed to promote domestic export industries—so-called beggar-thy-neighbor policies such as competitive currency devaluations, import tariffs, and/or export subsidies—risk unleashing a wave of destructive protectionism.

Time is probably our greatest threat. The longer it takes for the recovery to begin, the greater the likelihood of serious damage to U.S. strategic interests. Roughly a quarter of the countries in the world have already experienced low-level instability such as government changes because of the current slowdown. Europe and the former Soviet Union have experienced the bulk of the anti-state demonstrations. Although two-thirds of countries in the world have sufficient financial or other means to limit the impact for the moment, much of Latin America, former Soviet Union states and sub-Saharan Africa lack sufficient cash reserves, access to international aid or credit, or other coping mechanism. Statistical modeling shows that economic crises increase the risk of regime-threatening instability if they persist over a 1- to 2-year period. Besides increased economic nationalism, the most likely political fallout for U.S. interests will involve allies and friends not being able to fully meet their defense and humanitarian obligations. Potential refugee flows from the Caribbean could also impact homeland security.

The dramatic decline in oil prices—more than a two-thirds decline from the July peak of $147 per barrel—is partially a result of the market betting on a deep and perhaps protracted global recession. A serious supply crunch is possible down the road if sustained low prices lead to major cuts or delays in investment by national and international oil companies, especially high cost unconventional oil sources like oil sands. Nevertheless, lower prices benefit consumers, and declining revenues may put the squeeze on the adventurism of producers like Iran and Venezuela.

The crisis presents many challenges for the United States. It started in the United States, quickly spread to other industrial economies and then, more recently, to emerging markets. The widely held perception that excesses in U.S. financial markets and inadequate regulation were responsible has increased criticism about free market policies, which may make it difficult to achieve long-time U.S. objectives, such as the opening of national capital markets and increasing domestic demand in Asia. It already has increased questioning of U.S. stewardship of the global economy and the international financial structure.

The November G–20 financial summit in Washington also elevated the influence of large, emerging market nations. As was the case in the Asian financial crisis, China has an opportunity to increase its prestige if Beijing can exert a stabilizing influence by maintaining strong import growth and not letting its currency slide. But the United States also has opportunities to demonstrate increased leadership domestically, bilaterally, and in multilateral organizations such as the World Trade Organization, Asia-Pacific Economic Cooperation, and Association of Southeast Asian Nations. Recessions are a relative game, and historically the United States has proven more adroit at responding to them than most. The U.S. tradition of openness, developed skills, and mobility probably puts it in a better position to reinvent itself. Moreover, in potentially leading recovery efforts in coordination with the G–20, Washington will have the opportunity to fashion new international global structures that can benefit all. Global coordination and cooperation on many fronts will be required to rebuild trust in the global financial system and to ensure that the economic and financial crises do not spiral into broader geopolitical tensions.

TURNING THE CORNER ON VIOLENT EXTREMISM

I next want to focus on extremist groups that use terrorism. The groups with the greatest capability to threaten are extremist Muslim groups. In 2008 terrorists did not achieve their goal of conducting another major attack in the U.S. Homeland. We have seen notable progress in Muslim opinion turning against terrorist groups like al Qaeda. Over the last year and a half, al Qaeda has faced significant public criticism from prominent religious leaders and fellow extremists primarily regarding the use of brutal and indiscriminate tactics—particularly those employed by al Qaeda

in Iraq (AQI) and al Qaeda in the Lands of Islamic Maghreb (AQIM)—that have resulted in the deaths of Muslim civilians. Given the increased pressure posed by these criticisms, al Qaeda leaders increasingly have highlighted enduring support for the Taliban and the fight in Afghanistan and Pakistan and in other regions where they portray the west being at war with Islam and al Qaeda as the vanguard of the global terrorist movement. A broad array of Muslim countries is nevertheless having success in stemming the rise of extremism and attractiveness of terrorist groups. No major country is at immediate risk of collapse at the hands of extremist, terrorist groups, although a number—such as Pakistan and Afghanistan—have to work hard to repulse a still serious threat. In the next section I will discuss at length the challenges facing us in Pakistan and Afghanistan where militant have gained some traction despite the successes against al Qaeda.

Because of the pressure we and our allies have put on al Qaeda's core leadership in Pakistan and the continued decline of al Qaeda's most prominent regional affiliate in Iraq, al Qaeda today is less capable and effective than it was a year ago.

In Pakistan's Federally Administered Tribal Areas (FATA), al Qaeda lost significant parts of its command structure since 2008 in a succession of blows as damaging to the group as any since the fall of the Taliban in late 2001. Key leaders killed over the past year include Khalid Habib, al Qaeda's military chief and the fourth man in its chain of command; Abu Layth al-Libi, who directed cross-border attacks against our forces in Afghanistan and was a rising star in the organization; Abu Khabab al-Masri, the group's leading expert on explosives and chemical attacks and a driving force behind its terrorist plotting against the U.S. Homeland and Europe; and Usama al-Kini who was involved in the bombings of our Embassies in East Africa in 1998 and later became the chief planner of al Qaeda's terrorist attacks in Pakistan.

- The loss of these and many other leaders in quick succession has made it more difficult for al Qaeda to identify replacements, and in some cases the group has had to promote more junior figures considerably less skilled and respected than the individuals they are replacing.

Sustained pressure against al Qaeda in the FATA has the potential to further degrade its organizational cohesion and diminish the threat it poses. If forced to vacate the FATA and locate elsewhere, the group would be vulnerable to U.S. or host-country security crackdowns as well as local resistance, and probably would be forced to adopt an even more dispersed, clandestine structure, making training and operational coordination more difficult. Without access to its FATA safe haven, al Qaeda also undoubtedly would have greater difficulty supporting the Taliban insurgency in Afghanistan. It is conceivable al Qaeda could relocate elsewhere in South Asia, the Gulf, or parts of Africa where it could exploit a weak central government and close proximity to established recruitment, fundraising, and facilitation networks, but we judge none of these locations would be as conducive to their operational needs as their location in the FATA.

In Iraq, we judge the maturation of the Awakening movement, Iraqi Security Forces (ISF) gains, and the subsequent spread of Sons of Iraq groups, in combination with coalition operations against AQI leaders, have reduced AQI's operational capabilities and restricted the group's freedom of movement and sanctuaries. Nevertheless, we judge the group is likely to retain a residual capacity to undertake terrorist operations for years to come. I will focus on AQI in greater detail when I discuss Iraq.

Saudi Arabia's aggressive counterterrorism efforts since 2003 have rendered the Kingdom a harsh operating environment for al Qaeda, but Riyadh is now facing new external threats from al Qaeda elements in the region, particularly from Yemen. Senior al Qaeda leaders are focused on resurrecting an operational presence due to Saudi security actions over the past 5 years that have resulted in the death or capture of most identified Saudi-based al Qaeda senior leaders and operatives. Senior al Qaeda leaders view the Kingdom as a strategic target owing to Bin Ladin's longstanding objective of unseating the al-Saud family and the symbolic value of attacking Western and Saudi targets in the land of the two holy mosques.

The Saudi Government counterterrorism approach includes law enforcement efforts coupled with a complementary long-term program to stem radicalization. Riyadh's multi-faceted "counter-radicalization" and "de-radicalization" strategy uses detainee rehabilitation programs, the media, and religious scholars to combat terrorism and build public support for its strong security posture.

Counterterrorism efforts by Indonesia, in some cases with U.S. assistance, have led to the arrests and deaths of hundreds of Jemaah Islamiya (JI) operatives, including top leaders and key operatives. In November, Indonesia executed three JI terrorists—Imam Samudra, Mukhlas, and Amrozi—for their role in the 2002 Bali

bombings. While the IC continues to assess that JI in Indonesia and the Abu Sayyaf Group in the Philippines are the two terrorist groups posing threats to U.S. interests in Southeast Asia, efforts by Southeast Asian Governments against both groups in the past few years have degraded their attack capabilities.

The primary threat from Europe-based extremists stems from al Qaeda and Sunni affiliates who return from training in Pakistan to conduct attacks in Europe or the United States. We have had limited visibility into European plotting, but we assess that al Qaeda is continuing to plan attacks in Europe and the west. Al Qaeda has used Europe as a launching point for external operations against the Homeland on several occasions since September 11, and we believe that the group continues to view Europe as a viable launching point. Al Qaeda most recently targeted Denmark and the U.K., and we assess these countries remain viable targets. Al Qaeda leaders have also prominently mentioned France, most likely in reprisal for the 2004 headscarf ban.

The social, political, and economic integration of Western Europe's 15 to 20 million Muslims is progressing slowly, creating opportunities for extremist propagandists and recruiters. The highly diverse Muslim population in Europe already faces much higher poverty and unemployment rates than the general population, and the current economic crisis almost certainly will disproportionately affect the region's Muslims. Numerous worldwide and European Islamic groups are actively encouraging Muslims in Europe to reject assimilation and support militant versions of Islam. Successful social integration would give most ordinary Muslims a stronger political and economic stake in their countries of residence, even though better educational and economic opportunities do not preclude radicalization among a minority. Visible progress toward an Arab-Israeli settlement, along with stability in Iraq and Afghanistan, would help undercut radicals' appeal to Muslim foreign policy grievances.

European governments are undertaking a wide range of policies to promote Muslim social integration and counter radicalization. In addition to pursuing socioeconomic initiatives aimed at all immigrants, France, Germany, Italy, and several smaller European countries have established various types of religious-based consultative councils composed of leading Muslim groups. Additionally, the United Kingdom has established the most diversified and energetic official outreach program to Muslims, largely reflecting concern about homegrown terrorism since the July 2005 London attacks. Among other initiatives, the U.K. Government has promoted the creation of an advisory board on mosque governance, a committee of Muslim theologians, and consultative bodies of Muslim women and youth. It also has held multiple high profile conferences with Islamic scholars and government representatives from the Muslim world. British police have made a conscious decision to seek the cooperation of non-violent radicals even while political authorities have encouraged former radicals and Sufis to speak out against hardline political Islam.

Core al Qaeda

Despite these successes, al Qaeda and its affiliates and allies remain dangerous and adaptive enemies, and the threat they could inspire or orchestrate an attack on the United States or European countries. Under the strategic direction of Usama Bin Ladin and his deputy, Ayman al-Zawahiri, al Qaeda remains intent on attacking U.S. interests worldwide, including the U.S. Homeland. Although al Qaeda's core organization in the tribal areas of Pakistan is under greater pressure now than it was a year ago, we assess that it remains the most dangerous component of the larger al Qaeda network. Al Qaeda leaders still use the tribal areas as a base from which they can avoid capture, produce propaganda, communicate with operational cells abroad, and provide training and indoctrination to new terrorist operatives.

- We lack insight into specific details, timing, and intended targets of potential, current U.S. Homeland plots, although we assess al Qaeda continues to pursue plans for Homeland attacks and is likely focusing on prominent political, economic, and infrastructure targets designed to produce mass casualties, visually dramatic destruction, significant economic aftershocks, and/or fear among the population.
- Increased security measures at home and abroad have caused al Qaeda to view the West, especially the United States, as a harder target than in the past, but we remain concerned about an influx of Western recruits into the tribal areas since mid–2006.
- Al Qaeda and its extremist sympathizers in Pakistan have waged a campaign of deadly and destabilizing suicide attacks throughout Pakistan, including the bombing of the Marriott Hotel in Islamabad in September, which killed 60 people and wounded hundreds.

AQIM

Al Qaeda's other robust affiliate, al Qaeda in the Lands of the Islamic Maghreb (AQIM), is the most active terrorist group in northwestern Africa and, in our assessment, represents a significant threat to U.S. and western interests in the region. AQIM has continued to focus primarily on Algerian Government targets, but since its merger with al Qaeda in September 2006 the group has expanded its target set to include U.S., U.N., and other western interests and has launched progressively more sophisticated attacks, employing vehicle-borne improvised explosive device (VBIEDs), near-simultaneous bombings, and suicide bombings.

- AQIM has conducted nearly a dozen attacks against Western targets to include a nearsimultaneous VBIED attack against United Nations facilities and the Algerian Constitutional Court in Algiers in December 2007, killing at least 47 and wounding more than 100. AQIM associates also attacked the Israeli Embassy in Mauritania in February 2008.
- AQIM Europe-based cells act as financial support and facilitation nodes, but these cells could possibly become operational at the direction of AQIM leadership.

We assess that over the next year AQIM will continue to demonstrate its increased capability and commitment to senior al Qaeda leadership by attacking local and Western interests throughout North Africa and the Sahel. AQIM traditionally has operated in Algeria and northern Mali and has recruited and trained an unknown number of extremists from Tunisia, Morocco, Nigeria, Mauritania, Libya, and other countries. We assess some of these trainees may have returned to their home countries to plot attacks against local and western interests.

Al Qaeda in Yemen

Yemen is reemerging as a jihadist battleground and potential regional base of operations for al Qaeda to plan internal and external attacks, train terrorists, and facilitate the movement of operatives. Al Qaeda leaders could use al Qaeda in Yemen and the growing presence of foreign jihadists there to supplement its external operations agenda, promote turmoil in Saudi Arabia, and weaken the Salih regime.

- Al Qaeda in Yemen on 17 September 2008 conducted an attack against the U.S. Embassy in Sana'a. The coordinated attack used two explosives-laden vehicles, suicide bombers, and small-arms fire and killed six guards and four civilians. As of September 2008, the group had conducted 20 attacks against U.S., Western, and Yemeni targets, most carried out by the splinter faction, Jund al-Yemen.

East Africa

We judge the terrorist threat to U.S. interests in East Africa, primarily from al Qaeda and al Qaeda-affiliated Islamic extremists in Somalia and Kenya, will increase in the next year as al Qaeda's East Africa network continues to plot operations against U.S., Western, and local targets and the influence of the Somalia-based terrorist group al-Shabaab grows. Given the high-profile U.S. role in the region and its perceived direction—in the minds of al Qaeda and local extremists—of foreign intervention in Somalia, we assess U.S. counterterrorism efforts will be challenged not only by the al Qaeda operatives in the Horn, but also by Somali extremists and increasing numbers of foreign fighters supporting al-Shabaab's efforts.

The Homegrown Threat

We judge any homegrown extremists in the United States do not yet rise to the numerical level or exhibit the operational tempo or proficiency we have seen in Western Europe. A range of factors inside the United States may contribute to a lower incidence of homegrown cells developing. Nevertheless, we remain concerned about the potential for homegrown extremists inspired by al Qaeda's militant ideology to plan attacks inside the United States, Europe, and elsewhere without operational direction from the group itself. In this regard, over the next year we will remain focused on identifying any ties between U.S.-based individuals and extremist networks overseas. Though difficult to measure, the spread of radical Salafi Internet sites that provide religious justification for attacks; aggressive and violent anti-Western rhetoric; and signs that self-generating cells in the United States identify with Bin Laden's violent objectives all point to the likelihood that a small but violent number of cells may develop here.

- Al Qaeda's propaganda efforts include messages in English and those aimed specifically at an American audience either in translated form or directly by al Qaeda's second-in-command, Ayman al-Zawahiri, such as with his November 2008 video message following the U.S. presidential elections.

U.S.-born al Qaeda members such as Adam Gadahn, who was indicted by a U.S. grand jury in October 2006 on charges of treason, providing material support to a designated foreign terrorist organization, and aiding and abetting terrorists, also participated in making these English-language propaganda messages.

The Threat from Lebanese Hizballah

Lebanese Hizballah continues to be a formidable terrorist adversary with an ability to attack the U.S. Homeland and U.S. interests abroad. Hizballah is a multifaceted, disciplined organization that combines political, social, paramilitary, and terrorist elements, and we assess that any decision by the group to resort to arms or terrorist tactics is carefully calibrated. At the same time, we judge armed struggle, particularly against Israel, remains central to Hizballah's ideology and strategy.

We assess Lebanese Hizballah, which has conducted anti-U.S. attacks overseas in the past, may consider attacking U.S. interests should it perceive a direct U.S. threat to the group's survival, leadership, or infrastructure or to Iran. However, we judge Hizballah would carefully weigh the decision to take any action against the United States. Hizballah probably continues to support proxy groups and individuals, which could provide the group plausible deniability for possible attacks against the West or Israel.

We assess Hizballah anticipates a future conflict with Israel and probably continues to implement lessons learned from the conflict in the summer of 2006. In a potential future conflict, Hizballah is likely to be better prepared and more capable than in 2006.

THE "ARC OF INSTABILITY"

The large region from the Middle East to South Asia is the locus for many of the challenges facing the United States in the 21st century. While we are making progress countering terrorism, the roots and the issues related to the many problems in this region go deeper and are very complicated. The United States has strong tools—from military force to diplomacy in the region and good relationships with the vast majority of states. There is almost universal recognition that the United States is vital to any solutions, and these can be brought to bear in ways that benefit the United States and the region. I will begin with looking at individual states, but the IC analysis I present here emphasizes the regional linkages exacerbating problems and providing opportunities that are available for tackling the problems.

The Changing Geopolitical Landscape in the Middle East

In the Middle East, the revival of Iran as a regional power, the deepening of ethnic, sectarian, and economic divisions across much of the region, and looming leadership succession among U.S. allies are shaping the strategic landscape. Hizballah and Hamas have successfully seized the mantle of resistance to Israel from moderate regimes with secular Arab nationalists being discredited in the popular mind. Battle lines are increasingly drawn not just between Israel and Arab countries but also between secular Arab nationalists and ascendant Islamic nationalist movements inside moderate Arab states. Iran's influence in Iraq, its enduring strategic ties to Syria, pursuit of a nuclear weapons capability, and the success of Tehran's allies—Hamas and Hizballah—are fueling Iran's aspirations for regional preeminence. Arab Sunni leaders are struggling to limit Iran's gains; Saudi Arabia's more activist regional diplomacy falls short of significantly constraining Iran's freedom of maneuver. Iran's ambitions combined with unresolved conflicts in Iraq, Lebanon, and the Palestinian territories represent the principal flashpoints for intensified conflict in the region.

Iran's longstanding foreign policy goals are to preserve the Islamic regime, safeguard Iran's sovereignty, defend its nuclear ambitions, and expand its influence in the region and the Islamic world. Iranian leaders perceive that regional developments—including the removal of Saddam and the Taliban, challenges facing the United States in Iraq and Afghanistan, the increased influence of Hamas and Hizballah, and, until recently, higher oil revenues—have given Tehran more opportunities and freedom to pursue its objective of becoming a regional power. This perception has produced a more assertive Iranian foreign policy in which Tehran has focused on expanding ties in Iraq, Afghanistan, and the Levant to better influence and exploit regional political, economic, and security developments. Iran's pursuit of nuclear weapon capability is another element in its more assertive foreign policy—an aspect that I will discuss later.

In Tehran, Iran's conservative faction continues to dominate the government. Supreme Leader Khamenei has consolidated political power in his office, but his reli-

ance on hardline conservative elements—the IRGC, war veterans turned politicians such as President Mahmud Ahmadi-Nejad, and selected clerics—to bolster his authority has upset the earlier factional balance in Iranian politics.

- Although the regime still comprises many competing factions, only those that support the concept of a powerful Supreme Leader and advocate revolutionary values now have a significant voice in decisionmaking.

President Ahmadi-Nejad faces less than certain prospects for reelection in June because his management of the economy and aggressive foreign policy rhetoric have become sources of significant domestic criticism and political friction. Ahmadi-Nejad's economic policies have reduced unemployment marginally, but have fueled significant inflation, providing his critics ample ammunition to question his competence. The sharp fall in global oil prices will add to Iran's economic problems, but Tehran has a substantial cushion of foreign reserves to support social and other spending priorities. Less energy revenues may also help to dampen its foreign policy adventurism.

We expect Khamenei will attempt to manipulate the presidential election, largely by limiting the range of candidates. As he has in past elections, the Supreme Leader probably will attempt to influence the decisions of individuals to run, monitor the vetting and approval of candidates, and influence media coverage of the campaign.

- We do not know if Khamenei will actively support Ahmadi-Nejad's reelection. The Supreme Leader publicly has expressed support for Ahmadi-Nejad's administration, but we judge his statements are intended more to minimize criticisms of the regime than to endorse the President.
- Although we expect that whoever is elected will be a strong supporter of the Islamic Republic, we note that the election of a more pragmatic figure may, over time, produce some moderation of Iranian behavior by introducing into the decisionmaking process a wider range of options than those presented under Ahmadi-Nejad.

Militarily, Iran continues to strengthen the three pillars of its strategic deterrence: surface-to-surface missiles, long-range rockets and aircraft for retaliation; naval forces to disrupt maritime traffic through key waterways; and unconventional forces and surrogates to conduct worldwide lethal operations. Although many of their statements are exaggerations, Iranian officials throughout the past year have repeatedly claimed both greater ballistic missile capabilities that could threaten U.S. and allied interests and the ability to close the Strait of Hormuz using unconventional small boat operations, anti-ship cruise missiles, and other naval systems. Some officials, such as Islamic Revolutionary Guard Corps Commander Major General Mohammad Ali Jafari-Najafabadi, have hinted that Iran would have a hand in attacks on "America's interests even in far away places," suggesting Iran has contingency plans for unconventional warfare and terrorism against the United States and its allies.

Iran's goals in Iraq include preventing the emergence of a threat from Iraqi territory, either from the Government of Iraq itself, or from the United States. To achieve this, Iran probably seeks a Government in Baghdad in which Tehran's Shiite allies hold the majority of political, economic, and security power. Iran also has sought to make the United States suffer political, economic, and human costs in order to limit U.S. engagement in the region and to ensure that Washington does not maintain a permanent military presence in Iraq or use its military to pressure or attack Iran.

- Iranian efforts to secure influence in Iraq encompass a wide range of activities, including using propaganda, providing humanitarian assistance, building commercial and economic ties, and supporting Shiite elements fighting the coalition. Iran has provided a variety of Shia militants with lethal support including weapons, funding, training, logistical and operational support, and intelligence training.
- We judge Iran will continue to calibrate its lethal aid to Iraqi Shiite militants based on the threat it perceives from U.S. forces in Iraq, the state of U.S.-Iran relations, Tehran's fear of a Bathist resurgence, Tehran's desire to help defend Iraqi Shiite against sectarian violence, and to maintain the ability to play a spoiler role in Iraq if Iran perceives the Government of Iraq has become a strategic threat.
- Despite Tehran's efforts, we judge Iraqi nationalism and the growing capabilities of the Iraqi Government will limit Iranian influence in Iraq. Baghdad, for example, signed the U.S.-Iraq security agreement despite Iranian opposition.

In Afghanistan, Iran has focused on promoting a friendly central government in Kabul and limiting western power and influence. Iran's policy in Afghanistan follows multiple tracks, including providing political and economic support to the Karzai Government and developing relationships with actors across the political spectrum.

- Iran has opposed Afghan reconciliation talks with the Taliban as risking an increase in the group's influence and legitimacy.
- We judge Iran distrusts the Taliban and opposes its return to power but uses the provision of lethal aid as a way to pressure western forces, gather intelligence, and build ties that could protect Iran's interests if the Taliban regains control of the country.

In the Levant, Tehran is focused on building influence in Lebanon and expanding the capability of key allies. Tehran continues to support groups such as Hizballah, Hamas, and Palestine Islamic Jihad (PIJ), which it views as integral to its efforts to challenge Israeli and Western influence in the Middle East.

- Hizballah is the largest recipient of Iranian financial aid, training, and weaponry, and Iran's senior leadership has cited Hizballah as a model for other militant groups. We assess Tehran has continued to provide Hizballah with significant amounts of funding, training, and weapons since the 2006 conflict with Israel, increasing the group's capabilities to pressure other Lebanese factions and to threaten Israel.
- Iran's provision of training, weapons, and money to Hamas since the 2006 Palestinian elections has bolstered the group's ability to strike Israel and oppose the Palestinian Authority (PA).

Worsening Conflict in the Levant

The Palestinian Territories and Lebanon are two places where the multifaceted connections of which I spoke are most pronounced in this arc of instability. Two non-state actors, Hamas and Hizballah, play prominent roles, while individual states that oppose U.S. interests, such as Iran and Syria, also are prominent. In both these countries, we worry about worsening conflict and the potential for growing violent extremism.

Fighting between Israel and Hamas in the Gaza Strip subsided in mid-January, leaving in its wake hardened attitudes among Israelis and Palestinians, deepened Palestinian political divisions, and a widened rift between regional moderates—led by Egypt, Saudi Arabia, and Jordan—and hardliners, including Iran, Hizballah, and Syria. A key challenge for U.S. policy in the coming year will be finding ways to strengthen moderates and renew the potential for peace negotiations, lest post-conflict division and anger in the region further diminish prospects for peace.

With Hamas in control of Gaza and Hizballah growing stronger in Lebanon, progress on a Palestinian-Israeli accord is growing more difficult. With Iran developing a nuclear weapon capability and Israel determined not to allow it, there is potential for an Iran-Israeli confrontation or crisis on that issue as well. Moderate Arab states fear a nuclear-armed Iran, want progress on Palestinian settlement—the absence of which deprives U.S. Arab allies of crucial political capital to defend strategic ties to the United States and wish to sustain a moderate, statecentered politics for the region. Progress on the Israeli-Palestinian peace track would increase opportunities for the United States to broaden its engagement with Arab publics, including those aligning with the growing ideology of Islamic nationalism.

- The Israeli public appears broadly supportive of Israel's military action and believes Israel must act decisively to prevent attacks from Palestinian-controlled territory. At the same time, Israel's military actions in Gaza have deepened Palestinian anger towards Israel, both in the Gaza Strip and in the West Bank, and sparked outrage and protests throughout the Arab and Muslim world.
- Hamas and the PA are engaged in an intense competition, with both sides seeking to emerge from the conflict in a stronger political position, but relations between the two organizations have been further embittered by the crisis. The PA accused Hamas of needlessly provoking an Israeli attack and Hamas, which has argued it "won" by surviving the operation and continuing its control of Gaza, accused the PA of essentially collaborating with the Israeli assault.
- The moderate Arab states and regional hardliners are competing to shape the regional developments and public attitudes in the aftermath of the Gaza crisis. The moderates seek a reconciliation of the Palestinian factions and the resumption of peace talks between Israel and the Palestinians, while hardliners are encouraging Hamas to retain its uncompromising

stance toward Israel. These opposing regional blocs are competing to take the lead in delivering humanitarian aid to Palestinians in Gaza. Moderate states support U.S. efforts to establish a ceasefire and border security regime that will prevent the rearming of Hamas, while Iran is likely to lead an effort to provide weapons to Hamas to build the group's military capabilities.

Tensions between Hamas and Fatah have been elevated since Hamas seized control of the Gaza Strip in June 2007, and efforts to achieve reconciliation have failed. Both factions continue to attack, harass, and detain members of the other group in the West Bank and the Gaza Strip, deepening mutual resentment and making an accord between them difficult. Reconciliation talks between Fatah and Hamas scheduled for November in Cairo did not occur because Hamas refused to attend the meetings, in part to protest ongoing PA security measures in the West Bank targeting its members.

- Disagreement between Fatah and Hamas about a range of issues such as the timing of national elections and formation of a unity government could lead Hamas to challenge the legitimacy of Abbas's government and will remain obstacles to Fatah-Hamas reconciliation.

In 2008, longstanding tensions worsened between anti-democratic Fatah elements, mostly but not exclusively the so-called "old-guard" and typically younger elements demanding internal reforms within the faction, worsened in 2008 amid discussions over the location of and attendance at Fatah's long-delayed sixth General Congress. These internal conflicts threaten to fracture the party and damage its prospects in the run-up to PA presidential and legislative elections in 2009 or early 2010. There is no consensus among Fatah officials regarding a replacement for President Abbas, who has not groomed a successor, and no potential leader has gained Fatah's full support.

In Lebanon, after a long stalemate, the political process showed some movement last year that reasserted a fragile consensus giving Hizballah and the opposition veto power in the Lebanese Government. The Doha Accord in May ended armed clashes between Hizballah and Lebanese civilians and 18 months of political stalemate. The accord also paved the way for the election of former Lebanese Armed Forces (LAF) Commander Michel Sulayman as President on May 25, 2008. Sulayman has positioned himself as a consensus-builder between the March 14 coalition and the Hizballah-led opposition and has made progress on some issues, including forming the national unity cabinet, drafting the cabinet statement, and reforming the electoral law.

- The Lebanese political scene has enjoyed a period of relative calm and reconciliation since May, probably because all Lebanese parties are focused on preparing and forging alliances for the National Assembly election in June 2009. Lebanese Christian voters, divided between the two political camps, will be decisive in determining who wins a majority in the election.

The security situation remains fragile in Lebanon, especially in the north, which saw fighting between the Sunni and Alawi communities last summer. The Hizballah-initiated violence in May has left all sectarian groups—the Sunnis in particular—concerned about their security. The LAF's limited response and the Hizballah-led opposition's military strength have reinforced the view that sectarian communities must defend themselves. All sides are working to develop sectarian-based militia forces. Hizballah continues to bolster its military strength; since the 2006 war, the group has rearmed and trained additional personnel in preparation for possible future conflict with Israel.

Hizballah's attempts to reconcile with other Lebanese parties are an effort to show the group's commitment to a Lebanese nationalist agenda in preparation for the election. They are also meant to reduce the damage done to Hizballah's image by its armed takeover of parts of Beirut in May.

Since becoming President of Syria in June 2000, Bashar al-Asad has strengthened his hold on power in Syria. Asad's standing has been augmented by his perceived success in weathering regional crises and international pressure and by the regime's ability to highlight Syria's relative insulation from violence in Iraq and Lebanon. Within Syria, Asad has preserved the pillars of regime control established by his father while gradually using personnel turnover to appoint loyalists and expand his power base.

- Syrian leaders continue to exploit "resistance" to Israel and rejection of U.S. pressure to unify Syrians in support of the regime, despite broad dissatisfaction with economic conditions, some disappointment at the lack of

political reforms, and quiet resentment by some Sunnis at domination by the Alawi minority.

Damascus continues efforts to cement its influence in Lebanon by providing economic and other support to its allies in the Lebanese opposition. Syria has exploited its role in helping secure the May 2008 Doha agreement, which ended Lebanon's political violence last spring and ushered in a unity government, to improve relations with Europe and moderate Arab states. Syria is poised to appoint an ambassador to Lebanon, and we judge Syria will continue to interfere in Lebanese affairs in pursuit of its own interests.

Syrian military cooperation with Iran, including trilateral cooperation with Hizballah, has increased during the past year. Syria views its links to Iran as a means to press and deter adversaries, particularly Israel, and create leverage for achieving its major goals of a lead role in the Arab world, maintaining influence in Lebanon, and regaining the Golan Heights. For Syria's part, Iran has proven over the last quarter century to be Syria's most reliable ally. Shared interests over the past few years—support for Lebanese Hizballah, sustaining Palestinian terrorists, and countering U.S. regional intentions—have drawn Iran and Syria toward a closer alliance. Syrian military support to Hizballah has increased substantially over the past 5 years, especially since the 2006 Israel-Hizballah war. Damascus also supports Palestinian rejectionist groups, such as Hamas, which base their external leadership in Syria.

Syria probably will adjust its approach to the Iraq insurgency as Iraq's situation evolves. As the United States withdraws, we assess Damascus will seek improved political and economic ties to Baghdad and is likely to support oppositionists opposed to a long-term U.S. presence in Iraq. Syria will remain the primary gateway for foreign fighters entering Iraq. Syria condemned the October 26, 2008, U.S. raid that targeted AQI foreign fighter facilitator Abu Ghadiyah and staged a temporary removal of some border guard forces. Damascus also closed U.S. institutions in Syria, including the Damascus Community School and the American Cultural Center.

A More Stable Iraq as Counterbalance

The positive security trends over the past year have endured and expanded, and a more stable Iraq could counterbalance other negative trends in the region. Extremists in Iraq have been largely sidelined by coalition and Iraqi operations and dwindling popular tolerance for violence, and their attacks are no longer a major catalyst for sectarian violence. Iraqis now are less inclined to resolve their differences through unsanctioned violence, and fewer Iraqis are dying at the hands of their countrymen than at any time in the past 2 years. Indeed, communal violence is now at the lowest sustained levels since Prime Minister Nuri al-Maliki's Government came to power. Improving security conditions in Iraq have given the Prime Minister an opportunity to assert authority in previously denied areas of the country. Meanwhile, the maturation of the Awakening movement, ISF gains, and the subsequent spread of Sons of Iraq groups, in combination with coalition operations against AQI leaders, have weakened AQI by largely forcing it out of strongholds such as Al Anbar and much of greater Baghdad.

The main factors that have contributed to these positive trends are as follows:

- First, coalition operations and population security measures have been critical to reducing violence in Iraq. We judge Coalition support in the form of a credible, politically neutral security guarantor also has facilitated the ISF's ability to deal with ethnosectarian issues.
- Second, the Sunni insurgency has continued to wane. Most Iraqi-led Sunni insurgent groups have largely suspended operations against the coalition, favoring engagement with the United States to protect their communities, to oppose AQI, or protect against feared domination by the Iraqi Government, although many are hedging by maintaining their organizational structures and access to weapons.
- Third, the threat from AQI has continued to diminish. AQI, although still dangerous, has experienced the defection of members, lost key mobilization areas, suffered disruption of support infrastructure and funding, and been forced to change targeting priorities. Indeed, the pace of suicide bombings countrywide, which we consider one indicator of AQI's operational capability, fell significantly during the last year.
- Fourth, the threat of violence from most Shiite militants has declined. Many Shiite who looked upon Sadr's Jaysh al-Mahdi (JAM) in early 2008 as defenders against Sunni extremists eventually came to see the JAM as pariahs, leading Muqtada al-Sadr to announce last summer that most of his thousands-strong militia would set aside their weapons to become a cultural

organization and a counterweight to Western influence. Some Shiite militant groups such as Sadrist-affiliated groups and Kata'ib Hizballah (KH) probably will continue anti-coalition attacks and may engage in sporadic violence against Iraqi Government targets.

• Lastly, the capabilities of the ISF have continued to improve. The ISF's increasing professionalism and improvements in warfighting skills have allowed it to assume more responsibility for Iraq's internal security, as demonstrated by the successful operations against Shiite militants in Al Basrah, Sadr City, and Al 'Amarah, and against Sunni extremists in Diyala and Mosul. Despite these improvements, the ISF remains dependent on the United States for enabling capabilities such as logistics, fire support, and intelligence.

We assess political and security progress could be halted or even reversed by a number of factors, particularly if these challenges occur in combination.

• Disputed internal boundaries. Resolving disputed boundaries, primarily in northern Iraq, probably will be the most fiercely contested political issue to face Iraq in the next several years and poses the greatest threat to government stability.

• Perceptions of Iraqi Government repression. Policies or actions of the Iraqi Government perceived by segments of Iraq's ethnosectarian population to represent a broad and enduring campaign of repression could lead to widespread violence.

• Increased foreign support to insurgent or militia groups. We judge a large infusion of foreign support could deepen and intensify the ensuing conflict if Iraqi militants and insurgents sought external assistance to challenge or destabilize the Iraqi Government.

In addition to these challenges, Baghdad will confront more difficult choices about spending priorities as a result of declining oil revenues as it simultaneously grapples with security force modernization, infrastructure investment, and expanding public payrolls. Iraq's economy will continue to depend heavily on hydrocarbon exports, government spending, and continued security improvements.

We judge Iran will expand political and economic ties to Baghdad and will continue to supply weapons and training to Shiite militants to counter a Sunni resurgence, maintain leverage in Iraq, and keep pressure on U.S. forces. Iraqi nationalism, however, acts as a check on Iran's ability to project power in Iraq. Syria will focus on improving relations with Baghdad and seek increased trade and energy exports but also will continue to support Baathists and other non-AQI Sunni oppositionists to try to gain leverage in Iraq. Turkey will continue to focus on countering the Kurdistan People's Congress, a Kurdish terrorist group based in northern Iraq. The Turkish military continues to conduct cross-border air and artillery strikes in northern Iraq against the Kurdistan People's Congress (KGK, formerly PKK), a Kurdish terrorist organization waging armed conflict against Turkey. The KGK appears to retain the desire to attack Turkish targets. In early October 2008, the KGK launched an attack on a Turkish military outpost that left 17 Turkish troops dead.

• Turkish officials met with Kurdistan Regional Government President Barzani in October 2008, opening the prospect of closer ties between Turkey and the KRG. Like the rest of Europe, the Turkish economy is feeling the effects of the global financial crisis. In mid-November, Standard and Poor's downgraded Turkey's credit outlook from stable to negative.

Iraq's Sunni Arab neighbors are starting to reestablish an Arab presence in Baghdad, but Arab engagement is likely to be slow and halting over the next year. Jordan's King Abdallah in August became the first Arab head of state to travel to Baghdad since the fall of Saddam; he dispatched an Ambassador to Iraq in October.

Afghan-Pakistani Linkages

In the past year, Afghanistan's Taliban-dominated insurgency has increased the geographic scope and frequency of attacks. Taliban reaction to expanded Afghan and North Atlantic Treaty Operations (NATO) account for some of the increase in violence, but insurgents also have demonstrated greater aggressiveness and more lethal tactics. Efforts to improve governance and extend development were hampered in 2008 by a lack of security in many areas and a general lack of government capacity and competency. The ability of the Afghan Government, NATO, and the United States to push back the Taliban and deliver security, basic governance, and economic development will determine the continued support of the Afghan people for the government and the international community. Afghan leaders also must tackle endemic corruption and an extensive drug trade, which erode the capacity of the government while diminishing public confidence in its already fragile institutions.

Specifically, the security situation has deteriorated in many eastern areas of the country and in the south and northwest. Taliban and affiliated insurgent groups have expanded operations into previously peaceful areas of the west and around Kabul. The Taliban-dominated insurgency has expanded in scope despite International Security Assistance Force and Operation Enduring Freedom military operations targeting insurgent command and control networks.

Continued progress has been made in expanding and fielding the Afghan National Army, but the shortage of international trainers in the field, high operational tempo, attrition, and absenteeism hamper efforts to make units capable of independent action. The Afghan National Police remains a largely untrained force with high rates of corruption and absenteeism. Limitations to training, mentoring, and equipping combined with an ineffective Ministry of Interior and large parts of the country that have not been effectively "cleared" hinder the progress and effectiveness of the policy.

Kabul in 2009 must work closely with the national legislature and provincial and tribal leaders to establish and extend the capacity of the central and provincial government. The country faces a chronic shortage of resources and of qualified and motivated government officials at the national and local level. In addition, continued attacks undercut the national government's image as a viable guarantor of security, persuading tribal and other influential nonstate actors to either remain neutral or back insurgents. The 2009 presidential election will present a greater security challenge than the 2004 election, and the insurgents probably will make a concerted effort to disrupt it.

Kabul's inability to build effective, honest, and loyal provincial and district level institutions capable of providing basic services and sustainable, licit livelihoods erodes its popular legitimacy and increases the influence of local warlords and the Taliban. The Afghan Government has launched some initiatives, such as the Independent Directorate of Local Governance, to address governance shortcomings, but corruption has exceeded culturally tolerable levels and is eroding the legitimacy of the government. 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.

The Afghan Government has no coherent tribal engagement strategy, but where Pashtun tribal and government interests intersect, gains in local security, stability, and development are possible. At the provincial level, governors who have proven themselves effective mediators of local disputes among tribes and other local groups in their respective jurisdictions garner support from Afghan audiences and the donor community.

The Afghan drug trade is a major source of revenue for corrupt officials, the Taliban and other insurgent groups operating in the country and 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 outside of Kabul, to develop a strong, rule-of-law based system, and to rebuild the economy. Despite decreases in poppy cultivation in 2008, opium production in Afghanistan remains historically high, and the country produces over 90 percent of the world's supply with 95 percent of the crop grown in five contiguous provinces of southwestern Afghanistan and over 60 percent in one province alone, Helmand. In 2008, farmers grew 157,300 hectares of poppy, potentially producing an estimated 7,700 metric tons of opium. Almost every province outside the southwest was either poppy-free or had a dramatic decrease in cultivation, due to a combination of effective local anti-poppy campaigns, better security unfavorable weather, and decreased opium prices relative to other crops, and improved governance and security in key provinces. The United Nations estimates that the total value to agricultural producers of Afghan opium in 2008 was $730 million—although the gap in profitability has narrowed. No improvement in the security in Afghanistan is possible without progress in Pakistan.

No improvement in Afghanistan is possible without Pakistan taking control of its border areas and improving governance, creating economic and educational opportunities throughout the country. The government is losing authority in parts of the North-West Frontier Province and has less control of its semi-autonomous tribal areas: even in the more developed parts of the country, mounting economic hardships and frustration over poor governance have given rise to greater radicalization.

In 2008 Islamabad intensified counterinsurgency efforts, but Islamabad's record in dealing with militants has been mixed as it navigates conflicting internal and counterterrorist priorities. Pakistan's leaders are facing enormous socio-economic challenges. Economic hardships are intense, and the country is now facing a major balance of payments challenge. Islamabad needs to make painful reforms to improve overall macroeconomic stability. Pakistan's law-and-order situation is dismal, affect-

ing even Pakistani elites, and violence between various sectarian, ethnic, and political groups threatens to escalate. Pakistan's population is growing rapidly at a rate of about 2 percent a year, and roughly half of the country's 172 million residents are illiterate, under the age of 20, and live near or below the poverty line. Among the needed reforms are measures to improve the transparency of government expenditures and impose taxes on wealthy landowners. Such reforms would reduce the opportunities for corruption among Pakistani political leaders, help to establish a more level political playing field, and help build the confidence of average Pakistanis in their government.

The Pakistani Government's current plans will require intensified and sustained efforts to orchestrate the administrative, economic, educational, legal, and social reforms required to create an environment that discourages Islamic extremism and encourages the development of human capital. This, in turn, requires effective political leadership focused on improving the capabilities of Pakistani institutions for effective governance.

Weapons of Mass Destruction Proliferation Exacerbating Prospects for Middle East

The ongoing efforts of nation-states to develop and/or acquire dangerous weapons and delivery systems in the Middle East and elsewhere constitute another major threat to the safety of our Nation, our deployed troops, and our allies. (The threat posed by North Korea's weapons of mass destruction (WMD) program is assessed below, in the section on Asia.) We are most concerned about the threat and destabilizing effect of nuclear proliferation. The threat from the proliferation of materials and technologies that could contribute to both existing and prospective biological and chemical weapons programs also is real. Most of the international community shares these concerns.

WMD use by most nation states traditionally has been 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. Moreover, the time when only a few states had access to the most dangerous technologies is long over. Technologies, often dual-use, circulate easily in our globalized economy, as do the personnel with scientific expertise who design and use them. Therefore, it is difficult for the United States and its partners to track efforts to acquire components and production technologies that are widely available.

We assess countries that are still pursuing WMD programs will continue to try to improve their capabilities and level of self-sufficiency over the next decade. Nuclear, chemical, and/or biological weapons or the production technologies and materials necessary to produce them may also be acquired by states that do not now have such programs; and/or by terrorist or insurgent organizations; and by criminal organizations, acting alone or through middlemen.

Iranian Nuclear and Missile Programs

The Iranian regime continues to flout U.N. Security Council restrictions on its nuclear programs. There is a real risk that its nuclear program will prompt other countries in the Middle East region to pursue nuclear options conducive to the development of nuclear weapons, and the advent of additional nuclear weapons programs might lead countries in other regions to reassess their nuclear options.

I want to be very clear in characterizing the Iranian nuclear program. First, there are three key parts to an effective nuclear weapons capability:

(1) Production of fissile material;
(2) Effective means for weapon delivery; and
(3) Design, weaponization, and testing of the warhead itself.

We assessed in our 2007 National Intelligence Estimate (NIE) on this subject that Iran's nuclear weapon design and weaponization work was halted in fall 2003, along with its covert uranium conversion and enrichment-related activities. Declared uranium enrichment efforts were suspended in 2003 but resumed in January 2006 and will enable Iran to produce weapons-usable fissile material if it chooses to do so. Development of medium-range ballistic missiles, inherently capable of delivering nuclear weapons, has continued unabated.

We assess Iranian military entities were working under government direction to develop nuclear weapons until fall 2003. Iranian entities are continuing to develop a range of technical capabilities that could be applied to producing nuclear weapons, if a decision were made to do so.

- Iran continues its efforts to develop uranium enrichment technology, which can be used both to produce low-enriched uranium for power reactor fuel and to produce highly enriched uranium for nuclear weapons.
- As noted, Iran continues to deploy and improve ballistic missiles inherently capable of delivering nuclear weapons.

- We assess Iran since fall 2003 has conducted research and development projects with commercial and conventional military applications, some of which would be of limited use for nuclear weapons.

We judge in fall 2003 Tehran halted its nuclear weapons design and weaponization activities and that the halt lasted at least several years. We assess Tehran had not restarted these activities as of at least mid-2007. Although we do not know whether Iran currently intends to develop nuclear weapons, we assess Tehran at a minimum is keeping open the option to develop them.

We judge 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 Iran may be more susceptible to influence on the issue than we had judged in the 2005 NIE.

We do not have sufficient intelligence reporting to judge confidently whether Tehran is willing to maintain indefinitely the halt of its previously enumerated nuclear weapons-related activities 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 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 reiterate that two activities of the three relevant to a nuclear weapons capability continue: development of uranium enrichment technology that will enable production of fissile material, if Iran chooses to do so, and development of nuclear-capable ballistic missile systems.

We assess 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 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. Our analysis suggests that some combination of threats of intensified international scrutiny and pressures, along with opportunities for Iran to achieve its security and goals might—if perceived by Iran's leaders as credible—prompt Tehran to extend the halt to the above nuclear weapons-related activities. It is difficult to specify what such a combination might be.

We continue to assess Iran does not currently have a nuclear weapon. We continue to assess Iran probably has imported at least some weapons-usable fissile material but still judge 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. We judge it has not yet done so.

Iran made significant progress in 2007 and 2008 installing and operating centrifuges at its main centrifuge enrichment plant, Natanz. We judge Iran probably would be technically capable of producing enough highly-enriched uranium for a weapon sometime during the 2010–2015 timeframe. INR judges Iran is unlikely to achieve this capability before 2013 because of foreseeable technical and programmatic problems.

Iranian Missile Threat

Beyond its WMD potential, Iranian conventional military power threatens Persian Gulf states and challenges U.S. interests. Iran is enhancing its ability to project its military power, primarily with ballistic missiles and naval power, with the goal of dominating the Gulf region and deterring potential adversaries. It seeks a capacity to disrupt the operations and reinforcement of U.S. forces based in the region, potentially intimidating regional allies into withholding support for U.S. policy, and raising the political, financial, and human costs to the United States and our allies of our presence.

- Iran's growing inventory of ballistic missiles—it already has the largest inventory in the Middle East—and its acquisition of anti-ship cruise missiles provide capabilities to enhance its power projection. Tehran views its conventionally armed missiles as an integral part of its strategy to deter and if necessary retaliate against forces in the region, including U.S. forces. Its ballistic missiles are inherently capable of delivering WMD and if so armed would fit into this same strategy.

The Terrorist Chemical, Biological, Radiological, and Nuclear (CBRN) Threat

Over the coming years, we will continue to face a substantial threat, including in the U.S. Homeland, from terrorists attempting to acquire biological, chemical, and possibly nuclear weapons and use them to conduct large-scale attacks. Conventional

weapons and explosives will continue to be the most often used instruments of destruction in terrorist attacks; however, terrorists who are determined to develop CBRN capabilities will have increasing opportunities to do so, owing to the spread of relevant technological knowledge and the ability to work with CBRN materials and designs in safe havens.

- Most terrorist groups that have shown some interest, intent, or capability to conduct CBRN attacks have pursued only limited, technically simple approaches that have not yet caused large numbers of casualties.

In particular, we assess the terrorist use of biological agents represents a growing threat as the barriers to obtaining many suitable starter cultures are eroding and open source technical literature and basic laboratory equipment can facilitate production. Terrorist chemical attacks also represent a substantial threat. Small-scale chemical attacks using industrial toxins have been the most frequent type of CBRN attack to date. The chlorine attacks in Iraq from October 2006 through the summer of 2007 highlighted terrorist interest in using commercial and easily available toxic industrial chemicals as weapons.

Al Qaeda is the terrorist group that historically has sought the broadest range of CBRN attack capabilities, and we assess that it would use any CBRN capability it acquires in an anti-U.S. attack, preferably against the Homeland. There also is a threat of biological or chemical attacks in the U.S. Homeland by lone individuals.

RISING ASIA

As the terrorism and proliferation threats persist across the "arc of instability," East and South Asia are poised to become the long-term power center of the world. China and India are restoring the positions they held in the 18th century when China produced approximately 30 percent and India 15 percent of the world's wealth. These two countries are likely to surpass the gross domestic product (GDP) of all other economies except the United States and Japan by 2025, although the current financial crisis may somewhat slow the momentum. Japan remains the second largest global economy and a strong U.S. ally in the region, but the global economic slowdown is exacting a heavy toll on Japan's economy. To realize its aspirations to play increased regional and global roles will require strong leadership and politically difficult decisions. All together—Japan, the "tiger" economies like South Korea and Taiwan as well as the rising giants of China and India point to the "rise of Asia" as a defining characteristic of the 21st century. China's reemergence as a major power with global impact is especially affecting the regional balance of power.

As in the Middle East, the United States has strong relationships in East Asia—a network of alliances with Japan, South Korea, the Philippines, Thailand, and Australia, and close partnerships with other countries—and a longstanding forward military presence. Countries in the region look to the United States for leadership and for ways to encourage China to become a constructive and responsible player in the regional and global communities. Although China will have ample opportunity to play a positive role, it also poses a potential challenge if it chooses to use its growing power and influence in ways counter to U.S. or broader international interests.

China's Transformation

China is 30 years into a fundamental transformation that will take many more decades to complete. Although there have been moments when the government's effort to maintain control seemed on the verge of failure—notably the crisis on Tiananmen Square in 1989—the government has been remarkably successful in guiding reform. China has avoided the fate of most other socialist countries, suffering neither the economic and political collapse of the Soviet Union nor the stagnation of Cuba and North Korea.

We judge China's international behavior is driven by a combination of domestic priorities, primarily maintaining economic prosperity and domestic stability, and a longstanding ambition to see China play the role of a great power in East Asia and globally. Chinese leaders view preserving domestic stability as one of their most important internal security challenges. Their greatest concerns are separatist unrest and the possibility that local protests could merge into a coordinated national movement demanding fundamental political reforms or an end to Party rule. Security forces move quickly and sometimes forcefully to end demonstrations. The March 2008 protests in Tibet highlighted the danger of separatist unrest and prompted Beijing to deploy paramilitary and military assets to end the demonstrations.

These same domestic priorities are central to Chinese foreign policy. China's desire to secure access to the markets, commodities, and energy supplies needed to sustain domestic economic growth significantly influences its foreign engagement.

Chinese diplomacy seeks to maintain favorable relations with other major powers, particularly the United States, which Beijing perceives as vital to China's economic success and to achieving its other strategic objectives. But Beijing is also seeking to build its global image and influence in order to advance its broader interests and to resist what it perceives as external challenges to those interests or to China's security and territorial integrity.

Taiwan as an area of tension in U.S.-China relations has substantially relaxed since the 2008 election of Ma Ying-jeou. The new Taiwanese President inaugurated in May has resumed dialogue with Beijing after a 9-year hiatus, and leaders on both sides of the Taiwan Strait are now cautiously optimistic that a new period of less confrontational relations has begun. Many outstanding challenges remain, however, and the two sides eventually will need to confront issues such as Taiwan's participation in international organizations. Beijing has not renounced the use of force against the island, and China's leaders see maintaining the goal of unification as vital to regime legitimacy.

PLA Modernization

Preparations for a possible Taiwan conflict continue to drive the modernization goals of the People's Liberation Army (PLA) and the Chinese defense-industrial complex. It will likely remain the primary factor as long as the Taiwan situation is unresolved.

At the same time, we judge that China over the past several years has begun a substantially new phase in its military development by beginning to articulate roles and missions for the PLA that go well beyond China's immediate territorial interests.

- For example, China's leaders may decide to contribute combat forces to peacekeeping operations, in addition to expanding the current level of command and logistic support.
- China's national security interests are broadening. This will likely lead China to attempt to develop at least a limited naval power projection capability extending beyond the South China Sea. This already has been reflected in Beijing's decision in December to participate in anti-piracy operations off the coast of Somalia.

Missile Capability

China continues to develop and field conventional theater-range ballistic and cruise missile capabilities that can reach U.S. forces and regional bases throughout the Western Pacific and Asia, including Guam. China also is developing conventionally armed short- and medium-range ballistic missiles with terminally guided maneuverable warheads that could be used to attack U.S. naval forces and airbases. In addition, counter-command, control, and sensor systems, to include communications satellite jammers, are among Beijing's highest military priorities.

Counterspace Systems

China continues to pursue a long-term program to develop a capability to disrupt and damage critical foreign space systems. Counterspace systems, including antisatellite weapons, also rank among the country's highest military priorities.

Nuclear Capability

On the nuclear side, we judge Beijing seeks to modernize China's strategic forces in order to address concerns about the survivability of those systems in the face of foreign, particularly US, advances in strategic reconnaissance, precision strike, and missile defenses. We assess China's nuclear capabilities will increase over the next 10 years.

Indian Pragmatism

Like China, India's expanding economy will lead New Delhi to pursue new trade partners, gain access to vital energy markets, and generate the other resources required to sustain rapid economic growth. To sustain rapid growth, Indian governments also must maintain the political support for economic reforms needed to drive the expanding economy.

On the global stage, Indian leaders will continue to follow an independent course characterized by economic and political pragmatism. New Delhi will not automatically support or oppose positions favored by the United States or any other major power. Nonetheless, good relations with the United States will be essential for India to realize its global ambitions. Indian leaders will seek benefits from American influence, trade, and technology. Strong ties to Washington also will give India more confidence in dealing with China and in mitigating the dangers posed by its longtime adversary, Pakistan. However, Indian leaders often will adopt positions con-

trary to those favored by Washington. India will be concerned about China during the coming decade because of Beijing's political and economic power and its ability to project military force regionally, but Indian leaders will strive to avoid confrontation with China.

Indian-Pakistan Relations

Within South Asia, one of the world's least integrated regions, India will strive to manage tensions with Pakistan, transnational terrorism, and spillover from instability in small neighboring states. Determined efforts by Indian and Pakistani leaders to improve relations through the so-called Composite Dialogue over the last 4 years could unravel unless Islamabad takes sustained, concrete, meaningful steps to allay Indian concerns about Islamabad's support to anti-Indian militant groups. This is the case particularly in light of the November 2008 terrorist attack in Mumbai. The attack has convinced many Indians that Pakistani military leaders, in an effort to undercut India's emerging international stature, now favor a strategy of allowing Pakistan-based groups to attack targets that symbolize New Delhi's growing prominence on the global stage or that could undermine India's prominence by provoking religious violence in the country. In the absence of a military response against Islamabad, the Indian public will look for visible signs that Pakistan is actively working to punish those involved and eliminate its domestic terrorist organizations. Pakistan-based groups could carry out additional attacks against India and run the risk of provoking an India-Pakistan conflict. In addition, India, which has endured a series of major terrorist attacks without major military response since 2003, is under domestic pressure to make rapid and significant improvements in its counterterrorism capabilities.

India also will look for ways to safeguard its interests in light of the concluding civil war in Sri Lanka and political uncertainty in Bangladesh and Nepal, which have experienced dramatic transformations in government during the past year. New Delhi generally will be supportive of democratic forces in its smaller neighbors, while also being sensitive to the opinions of the Tamil and Bengali communities within India.

North Korea's Nuclear Ambitions

In addition to a possible India-Pakistan conflict, Pyongyang's nuclear ambitions and proliferation behavior threaten to destabilize East Asia. The North's October 2006 nuclear test is consistent with our longstanding assessment that it had produced a nuclear device. Prior to the test, we assessed that North Korea produced enough plutonium for at least a half dozen nuclear weapons. The IC continues to assess North Korea has pursued a uranium enrichment capability in the past. Some in the IC have increasing concerns that North Korea has an ongoing covert uranium enrichment program.

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

Progress was made, albeit painstakingly, last year in Six-Party Talks; the Democratic People's Republic of Korea (DPRK) has shut down three core facilities at Yongbyon and has completed 8 of the 11 disablement steps. However, much work remains. At the latest round of talks held in December in Beijing, the DPRK refused to agree to a Six Party verification protocol needed to verify the completeness and correctness of its nuclear declaration. Since then, Pyongyang has issued hardline statements suggesting further challenges to denuclearization.

On the proliferation side, North Korea has sold ballistic missiles and associated materials to several Middle Eastern countries, including Iran, and, in our assessment, assisted Syria with the construction of a nuclear reactor. We remain concerned North Korea could again export nuclear technology. In the October 3 Second Phase Actions agreement, the DPRK reaffirmed its commitment not to transfer nuclear materials, technology, or know-how. We assess Pyongyang is less likely to risk selling nuclear weapons or weapons-quantities of fissile material than nuclear technology or less sensitive equipment to other countries or non-state actors, in part because it needs its limited fissile material for its own deterrent. Pyongyang probably also perceives that it would risk a regime-ending military confrontation with the United States if the nuclear material was used by another country or group in a nuclear strike or terrorist attacks and the United States could trace the material back to North Korea. It is possible, however, that the North might find a nuclear weapons or fissile material transfer more appealing if its own stockpile grows larger

and/or it faces an extreme economic crisis where the potentially huge revenue from such a sale could help the country survive.

We assess that poor economic conditions are fueling systemic vulnerability within North Korea. Public statements by the regime emphasize the need for adequate food supplies. A relatively good fall harvest in 2008, combined with the delivery of substantial U.S. food aid—500,000 tons of grain have been promised and about one-third of this has been delivered—probably will prevent deterioration in the food security situation during the next few months. However, we assess North Korea is still failing to come to grips with the economic downturn that began in the early 1990s and that prospects for economic recovery remain slight. In addition to food, shortages in fertilizer and energy continue to plague the economy. Investment spending appears is negligible, trade remains weak, and we see little progress toward economic reforms. Pyongyang has long been in default on a relatively large foreign debt and we assess that badly needed foreign investment will not take place unless the North comes to terms with its international creditors and conforms to internationally accepted trade and financial norms, badly needed foreign investment will not take place.

- Pyongyang's strategic posture is not helping its economy. Trade with Japan has fallen precipitously since the nuclear and missile tests of 2006, and, while commercial trade with South Korea rose in 2008, South Korean aid and tourism to the north declined due to increased north-south tensions.

Despite this poor economic performance and the many privations of the North Korean public, we see no organized opposition to Kim Jong Il's rule and only occasional incidents of social disorder. Kim probably suffered a stroke in August that incapacitated him for several weeks, hindering his ability to operate as actively as he did before the stroke. However, his recent public activities suggest his health has improved significantly, and we assess he is making key decisions. The state's control apparatus by all accounts remains strong, sustaining the dismal condition of human rights in North Korea.

GROWING CHALLENGES IN RUSSIA AND EURASIA

Russian challenges to U.S. interests now spring more from Moscow's perceived strengths than from the state weaknesses characteristic of the 1990s. U.S. involvement in Iraq and Afghanistan and general anti-Americanism have created openings for Russia to build alternative arrangements to the U.S.-led international political and economic institutional order. Russia is actively cultivating relations with regional powers, including China, Iran, and Venezuela to increase its ability to influence events. Moscow also is trying to maintain control over energy supply and transportation networks to Europe to East Asia, and protect and further enhance its market share in Europe through new bilateral energy partnerships and organizing a gas cartel with other major exporters. Russia appears to believe the continued heavy dependence of European countries and former Soviet states on Russia's state gas monopoly, Gazprom, provides Moscow with political and economic leverage.

Russia continues to rely on its nuclear deterrent and retaliatory capability to counter the perceived threat from the United States and NATO. Moscow for the past several years has also been strengthening its conventional military force to make it a credible foreign policy instrument, both to signal its political resurgence and to assert its dominance over neighboring states, like Georgia. Moscow has actively engaged in foreign military cooperation with countries such as China and Venezuela, in part to remind the United States and others of Russia's global military relevance. Despite persistent challenges, including a long-term decline in the numbers and quality of recruits and difficulties in keeping pace with the demands of weapons modernization, the Russian military defeated the Georgian military last August.

Russian leaders recently have spoken positively about the possibilities for change in the U.S.-Russia dynamic, but issues such as NATO enlargement, the conflict over Georgia's separatist regions, and Missile Defense will continue to pose difficulties for the relationship and underscore the challenges of finding ways to engage with Russia. Even as it seeks to negotiate a robust post-Strategic Arms Reduction Treaty agreement, Moscow consistently stresses that the accession to NATO of Georgia and Ukraine would put existing arms control regimes and negotiations at risk and could prompt Russian military countermeasures as well as increased pressure against Tbilisi and Kyiv. Russia's strong engagement with countries like Iran and Syria, including advanced weapons sales, also has implications for U.S. nonproliferation interests.

Eurasia/Caucasus/Central Asia

Six months after the fighting between Russia and Georgia over Abkhazia and South Ossetia last August, the separatist regions remain potential flashpoints. Moscow's expanded military presence in and political-economic ties to these regions, along with continuing violence increase the risk of provocation, overreaction, or miscalculation leading to a resumption of fighting. Although the political situation in Georgia has stabilized, President Saakashvili faces increasing criticism from the domestic opposition, and his reaction to that will either enhance or set back Georgia's democratic development.

The continued difficulty of bridging fundamental differences between Azerbaijan and Armenia over Nagorno-Karabakh will also keep tensions high in the Caucasus. Azerbaijan fears isolation in the wake of Kosovo's independence, Russia's recognition of South Ossetia and Abkhazia, and signs of improved Armenian-Turkish relations. Armenia is concerned about Baku's military buildup and does not want to become dependent on Russia. Both countries face the dual challenges of overcoming inertia in democratic reforms and battling endemic corruption in the face of an economic downturn.

An increasingly assertive Russia and the fallout from the global financial crisis will combine to amplify the challenges facing Ukraine as it heads for a presidential election in the winter of 2009–2010. Ukraine has moved toward democracy and western integration despite numerous political tests since independence. Progress will be difficult because of weak political institutions, ongoing conflicts with Russia over gas pricing and contracts and the new exigencies of the global financial crisis, which has dramatically revealed the underlying weaknesses of the Ukrainian economy and potentially Ukraine's stability.

In Belarus, the Lukashenko regime appears willing to cooperate with Russian efforts to counter U.S. missile defense plans with Prague and Warsaw. However, Russia's continuing efforts to control key Belarusian economic sectors could prompt Minsk to improve ties with the West to balance Moscow. Lukashenko maintains an authoritarian grip on power and could return to repressive measures if public discontent over the worsening economy turns to protest.

The five Central Asian states—Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan—with their highly-personalized politics, weak institutions, and growing inequalities are ill-equipped to deal with the challenges posed by Islamic violent extremism, poor economic development, and problems associated with energy water and food distribution. Energy helped make Kazakhstan a regional economic force, but any sustained decline in oil prices would affect revenues, could lead to societal discontent, and will derail the momentum for domestic reforms. Tajikistan and Kyrgyzstan have heavily depended on migrant worker remittances from both Russia and Kazakhstan for a significant portion of their gross domestic product—up to 45 percent in the case of Tajikistan—and will be severely affected by the financial crisis. Tajikistan, in particular, faces increased threats to internal stability from the loss of these critical revenue streams. Ultimately, these challenges to regional stability could threaten the security of critical U.S. and NATO lines of communication to Afghanistan through Central Asia.

The Balkans

Events in the Balkans will again pose the greatest threat of instability in Europe in 2009, despite positive developments in the last year that included Kosovo's peaceful declaration of independence from Serbia, the election of pro-EU leaders in Serbia, and offers of NATO membership to Croatia and Albania. The principal challenges to stability will come from the unresolved political status of the Serb minority in Kosovo, particularly in northern Kosovo, and Bosnia-Herzegovina's (BiH) continuing uneasy inter-ethnic condominium.

More than 50 nations, including 22 of 27 EU members, have recognized the new state of Kosovo. In the coming years Pristina will depend on the international community for economic and development assistance and to ensure Kosovo's territorial integrity. Belgrade openly supports parallel Kosovo Serb institutions. It has used political and legal means to challenge and undermine Pristina's sovereignty and to limit the mandate of the EU's Rule of Law mission (EULEX) in Kosovo, which is meant to help Kosovo authorities build multi-ethnic police, judiciary, and customs systems. This has reinforced the de facto separation of Kosovo into an Albanian-majority south and a Serb-majority north and frustrated the Kosovo Albanians. Kosovo Force's (KFOR) presence will help deter widespread violence, however. Serbia's leaders espouse a European future, and President Tadic desires quick progress toward EU membership, but they are unwilling to abandon Belgrade's stake in Kosovo to achieve that end. Belgrade still looks for Moscow's diplomatic support on this issue

and recently concluded a significant energy deal with Moscow, including sale of a majority stake in its state oil refinery.

Bosnia's future as a multi-ethnic state remains in doubt, although neither widespread violence nor a formal split is imminent. Ethnic agendas still dominate the political process, and wrangling among the three main ethnic groups over the past 18 months has stalled the process of building a central government capable of taking the country into NATO and the EU. Threats of secession by Bosnian Serb leaders and calls by some Bosniak leaders to eliminate the Bosnian Serb entity have increased inter-ethnic tensions to perhaps the highest level in years.

TESTING TIMES FOR LATIN AMERICA

Latin American economies, following 5 consecutive years of solid performance, are feeling the repercussions from the global financial crisis. We expect the region's growth rate will fall substantially this year to about 1 percent from 4 percent for 2008. Exports from the region have averaged 20 percent growth for 5 years, but falling commodity prices and slowdowns in major industrial markets have sharply reduced export growth in the fourth quarter of 2008 and into 2009. Foreign direct investment flows through mid-year 2008 were on pace to reach the record level of $110 billion in 2007, but are likely to have diminished in late 2008 and probably will continue to do so in 2009. Finally, after 10 years of worker remittances growing at an average annual rate of better than 15 percent, remittances grew just 7 percent in 2007 and grew only 1 to 2 percent in 2008.

Democracy in much of Latin America has established impressive roots over the past decade or so. In countries that comprise the bulk of the region's GDP and population—like Brazil, Chile, Colombia, Mexico, and Peru—pro-market policies have yielded important economic dividends that help fortify democratic gains. Brazil is becoming a leading regional power and, along with others like Argentina and Chile, is trying to promote greater South American integration.

Developments in the last year, however, underscore the challenge that populist, often autocratic regimes still pose in the region. Venezuela attracts substantial, if declining, regional popular support, but its influence is likely to diminish as its economic problems mount. Cuba, though an economic basket case, can still influence the Latin American left because of its so-called "anti-imperialist" stance. Others like Bolivia, and to a lesser extent Argentina and Ecuador, have embraced populist policies and are likely to also lag behind. Some, such as Haiti, have become even poorer and still less governable. Basic law-and-order issues, to include rising violent crime and powerful drug trafficking organizations also confront key hemispheric nations, as do uneven governance and institution-building efforts and performance in confronting chronic corruption. To maintain our political and economic influence in the region, the United States will be called upon to help the region's governments address their growing security problems and to deliver greater market access. Our use of bilateral trade agreements, and foreign aid through the Millennium Challenge Account to less developed countries, helps cement sound economic policies and more effective governance.

As in Africa (see below), China has increased its outreach to Latin America in recent years, primarily in pursuit of access to markets and resources to fuel its economic development and growth. This is boosting Chinese economic and diplomatic influence in the region, and generating questions about Beijing's long-term intention in the developing world—potentially as an alternative development model. Beijing's military engagement in the region—while secondary to its economic and political engagement efforts—also facilitates access to strategic natural resources. People's Liberation Army outreach activities in Latin America have included high-level strategic dialogue, personnel exchanges, and sales of weapons and equipment. Nonetheless, Beijing has made few arms sales to the region, outside of Venezuela, nor developed significant military-to-military ties with any countries. For its part, Tehran has made some progress over the last few years in improving commercial ties and establishing embassies and cultural centers in Latin America, with an aim to reducing Iran's international isolation. Hizballah has long maintained a presence in the tri-border region between Argentina, Brazil and Paraguay, a notorious region for narcotics and arms trafficking.

Mexico

Mexico's sound fiscal and monetary policies will probably provide some insulation from the current global economic volatility. With 80 percent of its exports destined for U.S. consumers and low international oil prices, however, Mexico would take a strong hit from a prolonged U.S. recession. Mexico's Finance Secretariat cut growth estimates for 2008 to 1.5 percent, and Finance Minister Carstens has openly acknowledged growth might contract by a percentage point this year. Mexico last ex-

perienced a fall in GDP in 2001. Unemployment late last year was almost 4.5 percent, up a point from 2007 and underemployment is even higher. Employment in the construction sector dropped more than 4 percent in the same time period, according to Mexico's National Statistics Institute.

The sharp economic downturn as yet shows no sign of hurting Mexico's debt posture or spurring northward migration. Mexico's National Statistics Institute late last year indicated that Mexican emigration had dropped 42 percent since 2006, probably due to the decreased demand for labor in the United States. That trend probably will lead to declines in remittances, the second largest source of foreign currency after oil exports, and increase pressure on the government to create jobs.

Mexico remains the most important conduit for illicit drugs reaching the United States. As much as 90 percent of that cocaine known to be directed toward the United States, and some Colombian heroin, eventually transits Mexico before entering the United States. Despite recent successful efforts to counter precursor chemical diversion and drug trafficking, Mexico is the chief foreign supplier of methamphetamine and marijuana to the U.S. market and produces most of the heroin consumed west of the Mississippi River. The corruptive influence and increasing violence of Mexican drug cartels, which are among the most powerful organized crime groups in the world, impede Mexico City's ability to govern parts of its territory and build effective democratic institutions.

Nearly 5,500 people—mostly cartel operatives and to a lesser degree local police—were murdered in 2008 in cartel-related violence, far exceeding the record of about 2,700 drug-related murders in 2007. Also, the cartels have shown their willingness and capacity to strike Mexican Government officials, its leadership, and the military. Nevertheless, sustained government pressure has disrupted established transnational cocaine supply chains, interfered with day-to-day cartel operations, and has started to fragment Mexico's powerful drug cartels. We assess that significantly more cocaine is diverting to Central America before moving into Mexico, a shift that, in our judgment, mitigates some risks drug traffickers faced in Mexico but that also complicates trafficking operations.

As trafficking networks have come under increasing strain from President Calderon's counternarcotics efforts, elements of Mexico's most powerful cartels have become more aggressive. The assassination of the national police commissioner last May, the grenade attack in a crowded plaza in Michoacan State last September and the execution of Brigadier General marco Enrique Tello Quinonez this month indicate cartel elements are increasingly willing to kill high-level Mexican officials, retaliate against soldiers, and tolerate more collateral damage among civilians not directly involved in the drug trade.

Calderon has demonstrated his determination to address the problem of narcotics-related corruption at all levels of the government by launching Operation Cleanup. Most notably, this has led to the arrest of a former Deputy Attorney General and the head of Interpol in Mexico. In addition, Calderon won approval in November of the 2009 Federal budget, which increased outlays in real terms to the Public Security Secretariat and the Attorney General's Office by 69 percent and 29 percent, respectively.

Colombia

President Uribe is committed to an all-out effort to defeat the Revolutionary Armed Forces of Colombia (FARC) by the time his term ends in 2010. His public statements indicate he is determined to use Colombia's security forces to maintain the systematic military pressure that has kept the FARC on the run, caused the FARC to lose territory, and degraded FARC command and control. Among the major successes in 2008 were the deaths of key FARC leaders, including members of the ruling Secretariat, a continued high number of FARC desertions, and the 2 July rescue of 15 hostages, including 3 U.S. citizens.

Despite these reverses, the FARC leadership has shown no signs it seeks to end hostilities or participate in serious peace talks. The group has a record of resilience, and its chances for surviving as a viable insurgent force over the next several years will be aided by a still-cohesive leadership structure, substantial drug revenues, and cross-border sanctuaries in Venezuela and Ecuador.

Although the FARC is unlikely to make a sustained comeback, it will still be able to conduct small-scale guerrilla and terrorist attacks nationwide. Official and nonofficial U.S. citizens remain at risk.

The government's successes have contributed to a dramatic drop in crime, terrorist acts, massacres, and kidnappings. Bogota has made progress on providing better protection for labor unionists and instituting policies to educate the security services on human rights standards. Bogota needs to follow through, however, with

its proposals to strengthen the judiciary and prosecute the murders of union members and human rights workers.

Bogota's counterdrug successes—including capture and extradition of the leaders of the North Valley Cartel, the last remaining large-scale drug cartel (besides the FARC), the targeting of mid-level leaders, a strong security force presence in key drug transit and coca growing zones, and its U.S.-backed coca eradication program—have hampered FARC drug trafficking operations. Bogota's strides in tackling corruption also have led to high-profile trafficker takedowns. Bogota arrested or killed important traffickers such as the Mejia Munera brothers, known as "los Mellizos," in 2008 after the officials protecting them were removed from office. Colombian interdiction efforts resulted in an increase in seizures in 2008. Still, Colombia remains the world's leading producer of cocaine and a key supplier of heroin to the U.S. market. The U.S. Government's 2007 imagery-based survey indicates 167,000 hectares in Colombia were planted with coca, as compared to 157,200 in 2006, a statistically insignificant increase. Although the total area under cultivation remained nearly constant, aerial eradication reduced yield per hectare by killing some plants inside of areas counted as fully under cultivation and causing some farmers to lose harvests before they could rehabilitate the field. This resulted in a reduction in potential cocaine production from 550 metric tons in 2006 to 535 in 2007. Area under cultivation in 2007 was slightly less than in 2001, the year when Plan Colombia support began to take hold, but potential production is about one quarter less, due to the effects of aerial eradication on yield. We are still compiling and assessing the data from 2008.

Venezuela

President Hugo Chavez is focusing on shoring up public support at home after his opponents won five key states and the capital in November gubernatorial and mayoral elections. Chavez also must deal with growing public concern about violent crime and worsening economic conditions. Nevertheless, Chavez remains Venezuela's most popular politician, according to a reputable local polling company, and controls the country's key institutions. To consolidate his socialist "revolution," Chavez has ordered a referendum for February aimed at allowing indefinite reelection for all elected officials. His push probably reflects concern over dwindling oil profits undercutting his ability to maintain popular domestic programs.

Chavez probably will struggle to maintain economic growth in the coming years as oil prices fall from their record highs. He has been unable to control high inflation and his statist economic policies have reduced drastically private-sector growth. Chavez also has failed to make sufficient investments in infrastructure, especially in the vital oil sector, necessary for sustained growth.

- Venezuela's crude oil output of about 2.3 million b/d and its exports to the United States are slowly declining; prospects for a significant turnaround are limited unless Caracas changes its current oil policies.
- If the price of West Texas Intermediate oil stays below $50 per barrel for most of 2009, Chavez probably will be forced to make major cuts in domestic and foreign spending or to devalue the Venezuelan currency and draw down government hard currency reserves to avoid a major economic crisis.

Chavez is likely to face new constraints in 2009 as he attempts to expand his influence in Latin America. His willingness to spend oil revenue on foreign aid and his unstinting populist message have paid some dividends, but repeated spats with foreign leaders have tarnished his image and falling oil prices could further undermine his ability to buy friends. Chavez's approval rating has been decreasing regionally, according to the 2008 Latinbarometer, a highly regarded regional survey. Chavez has provided significant financial and political support to Evo Morales in Bolivia and Daniel Ortega in Nicaragua.

Public disclosure of Chavez's close ties with the FARC, which were reflected in documents from the hard drives captured after the death of a FARC Secretariat member in March, have forced Chavez, at least rhetorically, to improve relations with Bogota. We assess Chavez is likely to maintain his decade-long ties to the FARC by providing them safe haven because of his ideological affinity to the group and his interest in influencing Colombian politics.

- The United States in September designated two senior Venezuelan Government officials and one former official under the Foreign Narcotics Kingpin Designation Act for materially assisting the narcotics trafficking activities of the FARC.

Chavez's efforts to expand his reach beyond Latin America continue to give priority to Iran, Russia, and China. The personal relationship between Iran's President Ahmadi-Nejad and Chavez drives strengthening bilateral economic and military

ties, although the two countries are still struggling to overcome bureaucratic and linguistic obstacles to implementing accords. Venezuela also is serving as a bridge to help Iran build relations with other Latin American countries. Chavez has given special attention in recent months to deepening political, economic, and military ties to Russia. In late 2008, he announced his plans to build a nuclear power plant in Venezuela with Russian assistance.

Despite Caracas's stated interest in purchasing more Russian, Chinese, and Spanish armaments, worsening economic conditions probably will force Chavez to slow such acquisitions. His $5.3 billion in military purchases since 2005 have attracted notice within the region, although Venezuela's overall military capabilities remain plagued by logistic, maintenance and transportation shortfalls. Notable purchases from Russia include 24 Su–30MK2 fighters, helicopters, and assault rifles.

Chavez's growing ties to Iran, coupled with Venezuela's lax financial laws and border controls, and widespread corruption have created a permissive environment for Hizballah to exploit. In June 2008, two Venezuelan-based individuals, one a Venezuelan diplomat, were designated by the U.S. Treasury Department as supporters of terrorism for reportedly providing logistical and financial support to Hizballah members.

Venezuela is second only to Colombia as the most important cocaine departure country in South America, and it is the leading departure country of air smuggling to world markets. Venezuela's share of the cocaine departing South America has tripled from 5 percent in 2004 to 15 percent through the third quarter of 2008. Counternarcotics cooperation has sunk to an all-time low in the wake of the expulsion of the U.S. Ambassador by Chavez and his refusal to grant visas to new Drug Enforcement Agency (DEA) officials to work in Venezuela.

Cuba

President Raul Castro's record since formally taking power in February 2008 indicates his primary objective in the coming year will be to make Cuba's dysfunctional socialist economy more efficient. His task has been made more difficult, however, by the extensive damage to the country's already weak agricultural sector and infrastructure by three major and successive hurricanes last year. The global economic downturn will further slow growth, diminishing the regime's options for addressing public dissatisfaction with living conditions.

Havana's competent and immediate response to the hurricanes underscores the effectiveness of regime controls and indicates that it remains capable of preventing a spontaneous mass migration. Nevertheless, we judge that at a minimum the annual flow of Cuban migrants to the United States will stay at the same high levels of about 35,000 legal and illegal migrants annually that have prevailed over the past several years.

Raul almost certainly will continue to proceed cautiously on any reforms to the economy in order to maintain elite consensus and avoid raising public expectations beyond what he is able or willing to deliver. We have seen no indication in the modest changes he has implemented that he intends to abandon core Communist economic principles, such as state ownership of production. On the political front, all indications are that Raul will continue to deny elements of civil society and pro-democracy dissidents the exercise of free expression.

Venezuela's preferential terms for oil sales and payments for Cuban medical personnel and other technical specialists will remain Cuba's economic lifeline, despite Cuba's efforts to attract other sources of foreign investment from countries such as China and Russia. President Chavez probably will prioritize aid to Havana over other foreign policy commitments.

We assess Raul will continue his efforts to bolster Havana's international legitimacy by projecting a more moderate political image. Nevertheless, Cuba almost certainly will remain heavily involved behind-the-scenes in counseling and supporting authoritarian populist governments in Latin America and otherwise seeking to undermine U.S. influence across the region.

Bolivia

After nearly a year of sporadic unrest and rising tensions, President Evo Morales and opposition legislators last October reached a compromise to allow a referendum in late January on a draft constitution that encapsulates much of Morales' social and economic reform agenda. The compromise eased tensions following a string of violent protests last fall, but some leaders in eastern departments rejected the compromise. Nevertheless, the referendum passed by a comfortable margin. The draft constitution leaves many contentious issues vague, which several government and opposition leaders have acknowledged probably will lead to further disputes over implementation in the run-up to new presidential elections in December 2009.

Although the risk of violence against U.S. citizens has been reduced for the time being, Morales consistently has accused official U.S. organizations—the U.S. Embassy, DEA, and U.S. Agency for International Development—of conspiring against him. Morales in September expelled the U.S. Ambassador and in November expelled DEA personnel. Morales in January publicly threatened to close Congress and pass bills implementing the new Constitution by decree if legislators refused to cooperate.

Chavez promised to protect Morales's government and provided La Paz important financial assistance. Since 2006, Venezuela has provided Bolivia more than $95 million in direct financial aid.

AFRICA: FALLING FURTHER BEHIND

Africa has made substantial economic and political progress over the past decade. However, the durability of the region's recent positive growth trend, particularly among countries dependent on commodity exports and foreign capital inflows, will be tested by the drop in commodity prices and recessions in the United States and Europe. Even before the financial crisis hit, the 6 percent GDP growth rate—although impressive—was insufficient to bring about necessary structural changes in the continent's economy. Africa's economic growth is led by a small number of oil-producing countries, but even those countries without oil resources have experienced GDP growth rates far above their historical rates. Agriculture, the foundation of most African economies, is far from achieving self-sufficiency, but technical solutions and infrastructure enhancement have demonstrated their ability to boost production in Mali, Malawi, and Zambia. Further transformations remain uncertain in light of the EU's continuing ban on genetically modified foodstuffs.

In addition to fallout from the global financial crisis, Africa faces other economic, societal and security challenges. Sub-Saharan Africa is confronting a shortage of skilled medical personnel, deteriorating health systems, and inadequate budgets to deal with diseases like HIV/AIDS, malaria, and tuberculosis. Transnational crime, especially the transshipment of illegal drugs to Europe, and corruption are growing in various parts of Africa, weighing down the continent's economic growth, reducing government efficiency, and undermining the security services of African states.

China's presence has grown substantially over the past decade. Total bilateral trade between China and the continent has increased from less than $4 billion in 1995 to $100 billion in 2008, but the EU and the United States still remain far larger economic partners for the region. China's objectives are to secure access to African markets and natural resources, isolate Taiwan, and enhance its international stature, all of which it has made progress on. Nevertheless, China's role has generated local resentment as Chinese firms are seen as undercutting African competitors in securing commercial contracts and falling short of standard local labor practices. Moreover, there is little discernible evidence of Chinese investments being used to incorporate Africa into the industrial "global value production chains" that are becoming the hallmark of integrative trade and foreign direct investment flows, especially in manufacturing in other regions of the world.

The most serious problem confronting Africa is the continuation of a number of serious and seemingly intractable conflicts in three of Africa's largest and most important states: the Democratic Republic of the Congo, Nigeria, and Sudan. The conflicts in the Congo and Sudan have spilled across their borders and have at times taken on a regional dimension. In the Horn of Africa, the ongoing conflict in Somalia and the collapse of the country's economy have given rise to a piracy epidemic in the Gulf of Aden and have created a terrorist safe haven in southern Somalia.

Although African Governments' political commitment to peacekeeping has increased significantly over the last 10 years, the capacities of the African Union (AU), regional organization, and individual African states to conduct peacekeeping operations have been stretched to the limit. Major troop contributing countries are becoming more wary and less capable of deploying peacekeepers to potentially dangerous operations whose mandates and missions are unclear.

The Democratic Republic of the Congo

In the Democratic Republic of the Congo (DRC), President Joseph Kabila has been unable to consolidate his control over the turbulent eastern border region. In that area, rebel groups, undisciplined soldiers, and ethnic militia have operated inside and outside of the DRC largely with impunity for many years and have been responsible for numerous acts of violence and human rights abuses. The trouble has persisted, even with the help of the largest U.N. peacekeeping operation in the world. Recently, however, Kabila has agreed to conduct joint military operations with nearby countries in an effort to root out some of these groups. As a result, Rwanda and Uganda have each sent forces into different parts of the border region, Rwanda into the North and South Kivu Provinces and Uganda into the extreme northeastern re-

gion. In the Kivus, Kinshasa and Kigali are both concerned about the remnant of the 1994 Hutu-led Force for the Democratic Liberation of Rwanda (FDLR). While not a military threat to the Tutsi-led government in Kigali at this time, the force is a threat to local Congolese communities. With Kinshasa's approval, Rwanda sent several thousand soldiers into the area to defeat, demobilize, or repatriate the FDLR. In return for Kinshasa's cooperation, Kigali appears to have dropped its support for a Congolese Tutsi rebel leader, General Laurent Nkunda. The Rwandans have arrested Nkunda and have him in custody. Moreover, his forces have divided, some joining up with Congolese government troops. In the northeast, the Ugandan-led military operation (with both Congolese and Sudanese support) has so far been unsuccessful. Its objective is to eliminate the threat posed by the Ugandan rebel group known as the Lord's Resistance Army (LRA), led by Joseph Kony. Congolese forces, in the near term, probably will not be able to reassert sufficient control over territory occupied by the LRA and other rebels groups or to stop sporadic outbreaks of violence.

Nigeria

Nigeria's oil-rich Delta region, which supplies 10 percent of U.S. oil imports and accounts for America's largest investment in Sub-Saharan Africa, has been engulfed in civil strife for nearly two decades. Widespread violence, criminality, and corruption have continued to disrupt Nigeria's oil and gas production, costing the country millions of dollars in lost revenue. Inadequate governance and a total lack of accountability has put billions of dollars in the pockets of corrupt leaders rather than in much needed development and infrastructure projects. Opportunistic militants, many of whom are beholden to local political leaders who have armed them in the run-up to Nigeria's last three national elections, have attacked oil facilities, kidnapped Nigerian and foreign oil workers, and left much of the Delta lawless and economically ravaged. As result of the violence and criminal activity, Nigerian oil production declined about 10 percent in 2008. Unstable political conditions and the fall in the price of crude oil probably will slow or deter additional foreign investment in the Delta, contributing to further production drop-offs in the future. A turnaround in the current security environment is unlikely soon.

Sudan

Tensions are mounting between North and South Sudan as they approach key milestones laid out by the 2005 Comprehensive Peace Agreement (CPA), while Darfur remains plagued by violence. The National Congress Party (NCP) and Sudanese People's Liberation Movement publicly have said they intend to proceed with national elections required to be held under CPA by July 2009. Recent military clashes on the North-South border highlight the slippage of other CPA deadlines, including border demarcation, troop redeployment, and integration of joint military units. Potential election delays are unlikely to trigger a violent collapse of the CPA, because both parties have strong incentives to maintain the status quo until at least 2011 when the south will vote on a referendum for independence, but small skirmishes are likely to continue.

- The Darfur conflict has become increasingly complicated over the course of the past 5 years and is unlikely to be resolved in the near future. While bureaucratic and logistic constraints in New York and Sudan continue to delay full deployment of a 26,000-person U.N. peacekeeping force, the U.N. mediator's attempt to hold inclusive peace talks remains stymied by rebel disunity and ongoing fighting, which, to date, has displaced some 2.5 million people. Chadian-backed rebels based in Darfur have advanced on the Sudanese capital in the past year, risking an escalated proxy war between Khartoum and N'Djamena.
- The International Criminal Court (ICC) is likely to issue a warrant to arrest Sudanese President Omar Hassan al-Bashir on charges of war crimes, crimes against humanity, and possibly genocide on March 4, heightening Khartoum's distrust of western intentions. Several other NCP members' vulnerability to ICC charges is likely to keep them at Bashir's side.

Somalia

Somalia has not had a stable, central government for 17 years and continues to be mired in conflict. A U.N.-brokered agreement between the Somali Transitional Federal Government (TFG) and key opposition leaders in mid–2008 is unlikely to bring peace to Somalia in the near term. Ethiopia has withdrawn the troops it deployed to protect the TFG and oust the Council of Islamic Courts in late 2006 and resurgent Islamic extremists are expanding their operations throughout the country. The new unity government is facing multiple challenges, including the continued

dominance of clan politics and lack of a viable security force. While the withdrawal of Ethiopian troops removed a key rallying point for the extremist opposition group al-Shabaab al Islamiyah, Islamic militants have shifted their focus toward attacking a modest AU peacekeeping force charged with protecting the TFG. Worsening violence as militias compete for territory is likely to displace thousands of additional Somalis, adding to this humanitarian crisis.

Lawlessness in Somalia already has prompted a surge in piracy in the Gulf of Aden. The number of successful pirate attacks has increased almost fourfold since 2007 after the pirates received several multi-million dollar ransom payments in early 2008. Local authorities' unwillingness or inability to stem piracy also has fueled the proliferation of hijackings. The growing number and sophistication of Somali pirate attacks threaten to restrict the options for countering them, and they could take root in Somali society if left unchecked.

Zimbabwe

Zimbabwe continues to deteriorate under the brutal and corrupt rule of President Robert Mugabe. Over half the population is food insecure and public health facilities and schools have been almost completely shut down. With over 60,000 infected, the recent cholera epidemic is dramatic evidence of how far living conditions have plummeted in this once-prosperous and relatively well-developed country. Zimbabwe's sharp decline has generated problems throughout southern Africa as millions of refugees have fled to South Africa, Botswana, and Mozambique and as the region's well-publicized economic and security concerns have frightened foreign investors away. To date, Mugabe retains the support of his senior military officers and appears to be using his recently implemented power-sharing deal with the Movement for Democratic Change (MDC) to co-opt the opposition and to reduce Western pressure on his regime. Mugabe also has managed to hold on to the backing of South Africa, a key regional player. Pretoria, which brokered the coalition agreement between Mugabe and the opposition MDC, remains unwilling, despite growing criticism at home and abroad, to apply stronger pressure on Mugabe to step aside or to undertake fundamental political and economic reforms. Mugabe and his ruling elite are likely to remain in power until he loses the support of the security forces, South Africa steps up its pressure, or social and economic conditions in Zimbabwe become substantially worse. With both political parties signing on to the recent power-sharing agreement, it will be up to South Africa, the Southern African Development Community, and the AU to carefully watch Mugabe's actions and ensure that power is in fact shared and the MDC is allowed to lead.

Drug Trafficking in West Africa

Drug trafficking has become a major problem in West Africa, and the emergence of Guinea-Bissau as Africa's first narco-state highlights the scope of the problem and what may be in store for other states in the region. Away from the scrutiny of local and international law enforcement, drug traffickers, often departing from Venezuela by air and sea, have transported large quantities of drugs, predominantly cocaine, from Latin America to European markets through the porous borders of more than a half dozen West African countries. Traffickers have successfully co-opted government and law enforcement officials in these countries, further undermining weak and economically impoverished governments who lack adequate law enforcement and judicial capacity. The Economic Community of West African States sponsored a conference in Cape Verde in late 2008 to address this issue and the Governments of Great Britain and France have conducted limited law enforcement and counternarcotics training in the region, but drug trafficking in West Africa probably will continue to expand in volume and scope in the absence of a concerted international effort to stop it.

THE GROWING CYBER AND ORGANIZED CRIME THREAT

Threats to the U.S. Information Technology Infrastructure

The U.S. 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. Threats to our information technology infrastructure are an important focus of the IC. 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 have moved overseas, the threat will continue to grow.

This information and communications revolution also is enabling an unprecedented ability to spread ideas and influence large numbers of people. Nation-states and non-state groups are taking an increasing interest in the role of mass media

in shaping international opinions. Terrorists will continue to be motivated to conduct spectacular attacks in part by the desire to achieve maximum media exposure for their cause. Increasing global connectivity is enabling radical groups to recruit and train new members, proliferate extremist ideologies, manage their finances, manipulate public opinion, and coordinate attacks. In the recent conflict in Gaza, for example, the media played an important role for both sides in shaping public perceptions of the conflict. We can expect future adversaries to similarly employ mass media in an attempt to constrain U.S. courses of actions in a future crisis or conflict.

Further, the growing connectivity between information systems, the Internet, and other infrastructures creates opportunities for attackers to disrupt telecommunications, electrical power, energy pipelines, refineries, financial networks, and other critical infrastructures. Over the past several years we have seen cyber attacks against critical infrastructures abroad, and many of our own infrastructures are as vulnerable as their foreign counterparts.

- A successful cyber attack against a major financial service provider could severely impact the national economy, while cyber attacks against physical infrastructure computer systems such as those that control power grids or oil refineries have the potential to disrupt services for hours to weeks.

Network defense technologies are widely available to mitigate threats but have not been uniformly adopted due to associated costs, perceived need, operational requirements, and regulatory constraints. This slow rate of adoption has allowed cyber attackers to keep up with many defensive advances. Meanwhile, advances in digital communications technology, such as the growth in wireless connectivity and the acceleration of network convergence with a variety data increasingly digitized and transmitted over the Internet, are creating new vulnerabilities in our networks and new avenues for cyber attacks.

Malicious activity on the Internet also is rapidly increasing: spam—unsolicited email that can contain malicious software—now accounts for 81 percent of all email according to Message Labs (Symantec); the Georgia Tech Information Security Center projects a ten-fold increase in malicious software targeting data in the coming year; and botnets—networks of hijacked computers used to deliver spam or launch distributed denial of service attacks—are expected to compose 15 percent of all online computers in 2009. Ferris Research estimates that the total cost of spam and all of the types of fraud that take advantage of spam's impact is $42 billion in the United States and $140 billion worldwide last year, while McAfee estimates that global companies may have lost over $1 trillion worth of intellectual property to data theft in 2008.

State and Non-State Threats

A growing array of state and non-state adversaries are increasingly targeting—for exploitation and potentially disruption or destruction—our information infrastructure, including the Internet, telecommunications networks, computer systems, and embedded processors and controllers in critical industries. Over the past year, cyber exploitation activity has grown more sophisticated, more targeted, and more serious. The IC expects these trends to continue in the coming year.

We assess that a number of nations, including Russia and China, have the technical capabilities to target and disrupt elements of the U.S. 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 Qaeda, 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. We must take proactive measures to detect and prevent intrusions from whatever source, as they happen, and before they can do significant damage.

We expect disruptive cyber activities to be the norm in future political or military conflicts. The Distributed Denial of Service (DDoS) attacks and Web defacements that targeted Georgia in 2008 and Estonia in 2007 disrupted government, media, and banking Web sites. DDoS attacks and Web defacements targeted Georgian government Web sites, including that of Georgian President Saakishvili, intermittently disrupting online access to the official Georgian perspective of the conflict and some Georgian Government functions but did not affect military action. Such attacks have been a common outlet for hackers during political disputes over the past decade, including Israel's military conflicts with Hizballah and Hamas in 2006 and 2008, the aftermath of the terrorist attacks in Mumbai last year, the publication of cartoons

caricaturing the Prophet Mohammed in 2005, and the Chinese downing of a U.S. Navy aircraft in 2001.

The Comprehensive National Cybersecurity Initiative

In January 2008, the Comprehensive National Cybersecurity Initiative (CNCI) was adopted as national policy as part of National Security Presidential Directive 54/Homeland Security Presidential Directive 23 (NSPD–54/HSPD–23). With bipartisan support, Congress appropriated the vast majority of the CNCI funding request in the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009.

The CNCI addresses current cybersecurity threats, anticipates future threats and technologies, and develops a framework for creating in partnership with the private sector an environment that no longer favors cyber intruders over defenders. The CNCI includes defensive, offensive, education, research and development, and counterintelligence elements, while remaining sensitive throughout to the requirements of protecting the privacy rights and civil liberties of U.S. citizens. The CNCI is now making considerable progress in building a better understanding of the cyber threat, developing concrete solutions, and approving detailed courses of action. The Adminstration is now reviewing CNCI, to ensure it is consistent with its own cybersecurity policy.

To be sure, significant work remains in order to protect, defend, and respond to the cyber threat in a manner that markedly improves our Nation's overall security. Yet there is reason to be hopeful. We are witnessing an unprecedented unity of effort across a broad coalition of government agencies, Members of Congress, and leaders of industry. To succeed, however, the CNCI must remain a long-term national priority. With sustained momentum and continued national resolve we can and will build an enduring security framework capable of protecting our vital national security, economic, and public health interests.

We cannot afford to discover successful cyber intrusions after-the-fact, accept disastrous losses, and then seek merely to contain them. It requires a broad alliance of departments, agencies, and industry leaders to focus on countering the threat, mitigating vulnerabilities, and enhancing resiliency in order to preserve our national security, national economy, and public welfare.

Growing Transnational Organized Crime Threat

Most organized criminal activities increasingly involve either networks of interconnected criminal groups sharing expertise, skills, and resources in joint criminal ventures that transcend national boundaries or powerful, well-organized crime groups seeking to legitimize their image by investing in the global marketplace. Organized criminals and groups will increasingly pose a threat to U.S. national security interests by enhancing the capabilities of terrorists and hostile governments.

Some organized crime networks, groups, and individuals also have invested in energy and mineral markets in an effort to diversify and legitimize their business activities. Criminals' coercive tactics, underhanded business practices, opaque motives, and self-serving loyalties can undermine the normal workings and integrity of these global markets. The most powerful, highprofile Eurasian criminal groups often form strategic alliances with senior political leaders and business tycoons and can operate from a relative safe haven status with little to fear of international arrest and prosecution. The leaders of many of these groups go to great lengths to portray themselves as legitimate businessmen and use front companies that give them more market access and leverage. They also employ some of the world's best accountants, lawyers, bankers, and lobbyists to deflect and frustrate the efforts of authorities.

The change in the structure and types of activities conducted by transnational criminal groups is making it increasingly difficult to identify and attack them. In particular, the increasing prevalence of loosely knit networks, the use of cyberspace and global financial systems, and political corruption have made it easier for them to hide their involvement, to thwart law enforcement efforts, and to create images of legitimacy.

ENVIRONMENTAL SECURITY

Climate change, energy, global health, and environmental security are often intertwined, and while not traditionally viewed as "threats" to U.S. national security, they will affect Americans in major ways. The IC has increased its focus on these three critical issues as a result of unprecedented developments in the last year.

Access to relatively secure and clean energy sources and management of chronic food and water shortages will assume increasing importance for a growing number of countries. Adding well over a billion people to the world's population by 2025 will itself put pressure on these vital resources. An increasing percentage of the world's

population will be moving from rural areas to urban and developed ones to seek greater personal security and economic opportunity. Many, particularly in Asia, will be joining the middle class and will be seeking to emulate western lifestyles, which involves greater per capita consumption of all these resources.

The already stressed resource sector will be further complicated and, in most cases, exacerbated by climate change, whose physical effects will worsen throughout this period. Continued escalation of energy demand will hasten the impacts of climate change. On the other hand, forcibly cutting back on fossil fuel use before substitutes are widely available could threaten continued economic development, particularly for countries like China, whose industries have not yet achieved high levels of energy efficiency.

Food and water also are intertwined with climate change, energy, and demography. Rising energy prices increase the cost for consumers and the environment of industrial-scale agriculture and application of petrochemical fertilizers. A switch from use of arable land for food to fuel crops provides a limited solution and could exacerbate both the energy and food situations. Climatically, rainfall anomalies and constricted seasonal flows of snow and glacial melts are aggravating water scarcities, harming agriculture in many parts of the globe. Energy and climate dynamics also combine to amplify a number of other ills such as health problems, agricultural losses to pests, and storm damage. The greatest danger may arise from the convergence and interaction of many stresses simultaneously. Such a complex and unprecedented syndrome of problems could cause outright state failure, or weaken important pivotal states counted on to act as anchors of regional stability.

Six to 9 months ago we were worried about the implications of increasing high oil prices: the situation has reversed sharply with oil prices falling to close to a third of their July 2008 peak of $147 per barrel in response to the sudden drop in world oil demand growth and slower economic growth resulting from the global financial crisis. Although we believe the longer-term trend is toward high oil prices, the current lower oil prices reduce pressures on the global economy. Emerging economies previously concerned about busting their budgets on fuel and food subsidies are breathing a sigh of relief now that prices have fallen substantially over the last 6 months. Most forecasters expect global oil demand and oil prices to remain depressed through 2009 as the financial turmoil continues to unwind. The decline in price may, however, lead to delayed or cancelled investments in the upstream oil and gas sectors, creating the conditions for another spike in oil prices once global oil demand recovers. We also are concerned that lower oil prices may weaken momentum toward energy efficiency and the development of alternative sources of energy that are important for both energy and environmental security. The fall in energy prices also has had the side benefit of undercutting the economic positions of some of the more troublesome producers.

Assessing the Impact of Climate Change

According to the United Nations Intergovernmental Panel on Climate Change (IPCC), a failure to act to reduce green house gas emissions risks severe damage to the planet by the end of this century and even greater risk in coming centuries. In a fossil-intensive scenario that IPCC examined (A1F1), global average temperatures increase by almost 4 degrees centigrade. In such a scenario, water stored in glaciers and snow cover would decline significantly, reducing water availability in regions supplied by melt water from major mountain ranges, where more than one-sixth of the world population currently lives. Sea-level rise could be up to 59 centimeters by the end of the century and would cause substantial flooding. Individuals in densely populated and low-lying areas, especially the mega deltas of Asian and Africa, where adaptive capacity is relatively low, and which already face other challenges such as tropical storms or local coastal subsidence, are especially at risk. At a four-degree rise, according to the IPCC, up to 30 percent of plant and animal species would be at risk of extinction, global productivity in cereals would decline, intensity of tropical cyclones would increase, and extreme drought areas would rise from 1 percent land area to 30 percent.

The IC recently completed a National Intelligence Assessment on the national security impacts of global climate change to 2030. The IC judges global climate change will have important and extensive implications for U.S. national security interests over the next 20 years. Although the United States itself could be less affected and is better equipped than most nations to deal with climate change and may even see a benefit in the near term owing to increases in agriculture productivity, infrastructure repair and replacement will be costly. We judge the most significant impact for the United States will be indirect and result from climate-driven effects on many other countries and their potential to seriously affect U.S. national security interests. We assess climate change alone is unlikely to trigger state failure in any state

out to 2030, but the impacts will worsen existing problems such as poverty, social tensions, environmental degradation, ineffectual leadership, and weak political institutions. Climate change could threaten domestic stability in some states, potentially contributing to intra- or, less likely, interstate conflict, particularly over access to increasingly scarce water resources. We judge economic migrants will perceive additional reasons to migrate because of harsh climates, both within nations and from disadvantaged to richer countries.

From a national security perspective, climate change affects lives (for example, through food and water shortages, increased health problems including the spread of disease, and increased potential for conflict), property (for example through ground subsidence, flooding, coastal erosion, and extreme weather events), and other security interests. The United States depends on a smooth-functioning international system ensuring the flow of trade and market access to critical raw materials such as oil and gas, and security for its allies and partners. Climate change could affect all of these—domestic stability in a number of key states, the opening of new sea lanes and access to raw materials, and the global economy more broadly—with significant geopolitical consequences.

In addition, anticipated impacts to the Homeland—including warming temperatures, changes in precipitation patterns, and possible increases in the severity of storms in the Gulf, increased demand for energy resources, disruptions in U.S. and Arctic infrastructure, and increases in immigration from resource-scarce regions of the world—are expected to be costly. Government, business, and public efforts to develop mitigation and adaptation strategies to deal with climate change—from policies to reduce greenhouse gasses to plans to reduce exposure to climate change or capitalize on potential impacts—may affect U.S. national security interests even more than the physical impacts of climate change itself.

Multilateral policymaking on climate change is likely to be highly visible and a growing priority among traditional security affairs in the coming decades. We observe the United States is seen by the world as occupying a potentially pivotal leadership role between Europe, which is committed to long-term and dramatic reduction in carbon emissions, and a heterogeneous group of developing states wary of committing to greenhouse gas emissions reductions, which they believe would slow their economic growth. As effects of climate change begin to mount, the United States will come under increasing pressure to join the international community in setting meaningful long-term goals for emissions reductions, to reduce its own emissions, and to help others mitigate and adapt to climate change through technological progress and financial assistance.

Global Health

Considerable empirical and theoretical studies have demonstrated the links between the health of a population and economic growth and development. Highly publicized virulent infectious diseases—including HIV/AIDS, a potential influenza pandemic, and "mystery" illnesses such as the 2003 outbreak of severe acute respiratory syndrome—remain the most direct health-related threats to the United States. The most pressing transnational health challenge for the United States is still the potential for emergence of a severe pandemic, with the primary candidate being a highly lethal influenza virus. The World Bank estimates that if the next pandemic virus is similar to the one that caused the 1918 pandemic, it could kill 71 million people worldwide and cause a major global recession with global costs exceeding $3 trillion. Other estimates, applying the 2.5 percent fatality rate from the 1918 pandemic to today's population, reach 180 million deaths worldwide. Current threats include H5N1 influenza, a virus that, while primarily a poultry disease, continues to evolve and expand its geographic range.

Infectious diseases are not the only health indicators with strategic significance. Chronic, non-communicable diseases; neglected tropical diseases; maternal and child mortality; malnutrition; sanitation and access to clean water; and availability of basic health care also affect the U.S. national interest through their impacts on the economies, governments, and militaries of key countries and regions.

- Terrorists and warlords have gained local and international stature and even power by providing health services governments could not. Widespread ill health in the youth cohort may reduce a country's pool of healthy and capable military recruits, a phenomenon that is currently playing out in Russia and North Korea.

Looking at specific states, the inability of the central government of Afghanistan to provide health-care and other services has helped to undermine its credibility while boosting support for a resurgent and increasingly sophisticated Taliban. Wide incidence of traumatic births, malnutrition, and disease put children there at high risk of impaired development, undermining their prospects of attending school, en-

gaging more productively in critical labor such as agricultural production, and participating in other economic activity. In Iraq, a degraded health sector, shortages of medical personnel, and infections stemming from deficient sanitary conditions and lack of clean drinking water have undermined the credibility of the central government.

Russia has the overall worst health indicators of any industrialized country. Poor health of Russian children and young people combined with falling birthrates threatens Russian military readiness with a projected halving of eligible military recruits between 2005 and 2018. China's high incidence of chronic disease stemming in great part from heavy tobacco use threatens to slow economic growth by incapacitating workers and incurring heavy health-care costs. The health effects of environmental degradation are an increasing source of discontent in China.

Venezuela and Cuba have been particularly adept at parlaying provision of charitable medical services to nationals of other countries into support in international forums such as the United Nations. Hizballah's provision of health and social services in Lebanon over the past 20 years has helped to legitimize the organization as a political force in that country, while Hamas's delivery of similar services was a factor in its legislative electoral success in the Palestinian territories.

Turning to U.S. Homeland health security issues, existing international resources and regulations will be inadequate to control transnational disease spread at least through the next decade. Movement of people, animals, and products through mass transportation, smuggling, and commerce will continue to homogenize the already global environment. Incidents involving chemical or bacterial contamination of imported food or trade goods, whether accidental or intentional, are likely to increase as China and other developing countries struggle to implement effective monitoring systems. A similar challenge involves ensuring the safety of imported therapeutic drugs and precursor products, as contaminated and counterfeit pharmaceuticals continue to be a worldwide public health threat.

CONCLUSION

The international security environment is complex. No dominant adversary faces the United States that threatens our existence with military force, but the global financial crises has exacerbated what was already a growing set of political and economic uncertainties. We are nevertheless in a strong position to shape a world reflecting universal aspirations and values that have motivated Americans since 1776: human rights; the rule of law; liberal market economics and social justice. Whether we can succeed will depend on actions we take here at home—restoring strong economic growth and maintaining our scientific and technological edge and defending ourselves at reasonable cost in dollars without violating our civil liberties. It will also depend on our actions abroad, not only in how we deal with regions, regimes and crises, but also in developing new multilateral systems, formal or informal, for effective international cooperation in trade and finance, in neutralizing extremist groups using terrorism, in controlling the proliferation of WMD, developing codes of conduct for cyberspace and space, and in mitigating and slowing global climate change.

Chairman LEVIN. Thank you so much, Director Blair.

General Maples.

STATEMENT OF LTG MICHAEL D. MAPLES, USA, DIRECTOR, DEFENSE INTELLIGENCE AGENCY

General MAPLES. Senator Levin, Senator McCain, members of the committee: First of all, thank you for this opportunity to appear with Director Blair today. I have submitted a statement for the record and I will summarize my remarks, focusing primarily on ongoing operations and military developments. But before I do, I just want to thank the members of the committee for your support of our service men and women around the world, and in particular for the support that you have provided to DIA and to our defense intelligence professionals, who support all of our men and women in uniform who are engaged in conflict around the world. Your support and what you have done for us to enable us to support them truly has been remarkable and I thank you for that.

Chairman LEVIN. We thank you.

General MAPLES. First of all, let me start with Iraq. The security situation in Iraq does continue to improve. Overall violence across the country declined in the last 6 months of 2008 and by January 2009 attacks were 60 percent lower than in January 2008. While Iraqi leaders have reached accommodation on a range of key issues, many of Iraq's underlying problems, such as lingering ethno-sectarian rivalries, a weakened insurgency, a still developing central government, and a lack of a shared national vision, will continue to challenge Iraqis over the next year and beyond.

Iraqi security forces (ISF) improved their overall capabilities in 2008, demonstrating an increased ability to plan, prepare, and execute independent counterinsurgency operations. The ISF continues to rely on coalition support for key enabling capabilities, including close air support, intelligence, and logistics. A rapid degradation of the security situation is unlikely in 2009, although the failure of the Iraqi government to address key issues may erode security over time. Control of disputed areas, particularly in Ninewah and Kirkuk, may be the greatest potential flashpoint in Iraq for 2008.

The security situation in Afghanistan continued to worsen in 2008, driven by an increasingly proficient insurgency, government inability to deliver basic services to portions of the country, and insurgent access to safe havens in western Pakistan. Although the Taliban lost several key commanders in 2008 and have not demonstrated an ability to conduct sustained conventional operations, it has increased attacks. Enemy-initiated violence in 2008 grew by 55 percent over levels in 2007. Statistics also show increases in suicide bombings, the use of improvised explosive devices, and small arms attacks.

The AFA has grown from 49,000 to approximately 80,000 over the last year, fielding 6 new commando battalions which are specifically trained to handle counterinsurgency operations. Half of Afghan's combat arms units can lead combat operations, albeit with coalition support.

Afghan National Police (ANP) forces still require considerable training and coalition support to fulfil their mission. The ANP has reportedly grown from 75,000 to approximately 80,000 over the last year. The Afghan Government has initiated a program to improve police performance.

Over the next year, the Afghan Government will remain vulnerable to insurgent violence, the narcotics trade, foreign influences, and disruptive political maneuvering ahead of the 2009 Afghan presidential election. Afghan popular discontent could worsen, especially in areas where tribes remain disenfranchised and basic employment opportunities are not provided.

In Pakistan, some senior Pakistani leaders have publicly acknowledged that extremism has replaced India as Pakistan's preeminent national security threat. India, however, remains a high priority long-term concern. Strategic rivalry with India continues to drive Pakistan's development of an expanding array of delivery systems.

In the FATA, al Qaeda, the Afghan Taliban, and Pakistan-based extremist groups continue to have vital sanctuary. The area is used to recruit and train operatives, plan and prepare regional and

transnational attacks, disseminate propaganda, and obtain equipment and supplies.

Pakistan's military has expanded its paramilitary forces and deployed additional troops to the area in an effort to contain the threat. Although U.S. efforts to address Pakistani counterinsurgency deficiencies are underway, it will take years before meaningful capabilities are likely to be developed.

Pakistan continues to develop its nuclear infrastructure, expand nuclear weapons stockpiles, and seek more advanced warheads and delivery systems. Pakistan has taken important steps to safeguard its nuclear weapons, although vulnerabilities still exist.

Al Qaeda is committed to imposing its own interpretation of Islamic rule upon the Muslim world and is the biggest terrorist threat to U.S. interests worldwide. Al Qaeda retains the operational capability to plan, support, and direct transnational attacks, despite the deaths of multiple senior-level operatives. Al Qaeda continues efforts to acquire chemical, biological, radiological, or nuclear materials and would not hesitate to use such weapons if the group develops sufficient capabilities.

Al Qaeda also continues to further relationships with compatible regional terrorist groups, such as al Qaeda in the Lands of the Islamic Maghreb and al Qaeda in East Africa, to extend the organization's financial and operational reach.

Now I'll turn to military developments in regions of interest. In Iran, Iran's military is designed principally to defend against external threats from more advanced adversaries and threats posed by internal opponents. However, Iran has the capability to conduct limited offensive operations with its ballistic missile and naval forces. Iran continues to develop and acquire ballistic missiles that can range Israel and Central Europe, including Iranian claims of an extended range variant of the Shahab-3 and a 2,000-kilometer medium-range ballistic missile, the Ashura.

Iran's February 2, 2009, launch of the Safir space launch vehicle shows progress in mastering the technology needed to produce intercontinental ballistic missiles (ICBMs). Iran has boosted the lethality and effectiveness of existing missile systems with accuracy improvements and new submunition payloads.

Ongoing naval modernization is focused on equipment such as fast missile patrol boats as well as anti-ship cruise missiles and naval mines. Iran continues to invest heavily in advanced air defenses. Iran has deployed advanced SA–15 tactical surface-to-air missile systems and continues to express interest in acquiring the long-range SA–20.

With the rest of the IC, DIA judges Iran halted its nuclear weaponization and covert uranium conversion and enrichment-related work in 2003, but we assess that Tehran is keeping open the option to develop nuclear weapons.

China is strengthening its ability to conduct military operations along its periphery on its own terms. That would include the claims to an exclusive economic zone (EEZ) where the recent incident occurred. It is building and fielding sophisticated weapons systems and testing new doctrines that it believes will allow it to prevail in regional conflicts. The navy operates a large surface fleet, an increasingly modern submarine fleet, and appears likely to pursue an

aircraft carrier development program. The air force is developing an extended range land attack cruise missile-capable bomber. China's nuclear force is becoming more survivable with the deployment of the DF–31 and DF–31 Alpha road-mobile ICBMs and the eventual deployment of the JL–2 submarine-launched ballistic missile. China is also expanding its space capabilities, counterspace, cyber warfare, and electronic warfare capabilities.

In North Korea, North Korea's large forward positioned, but poorly equipped and poorly trained military is not well suited to sustain major military operations against the south. As a result of its limitations, North Korea is emphasizing its nuclear capabilities and ballistic missiles as a means to assure its sovereignty and to deter technologically superior opponents. The long-range artillery the North has positioned near the demilitarized zone is complemented by a substantial mobile ballistic missile force with an array of warhead options, to include WMD, that can range U.S. forces and our allies in the Republic of Korea and Japan.

After a failed July 2006 test launch, North Korea has continued development of the Taepo Dong 2, which could be used for space launch or as an ICBM. North Korea announced in late February they intend to launch a communications satellite, Kwangmyongsong 2. North Korea also continues to work on an intermediate range ballistic missile.

North Korea could have stockpiled several nuclear weapons from plutonium produced at Yongbyon and it likely sought a uranium enrichment capability for nuclear weapons, at least in the past.

Russia is trying to reestablish military power that it believes commensurate with its economic strength and general political competence, although the current global economic downturn may limit Moscow's ability to achieve its goals. Russian conventional force capabilities continue to grow at a measured pace. Readiness improvements are seen primarily among the conventional permanent ready forces. Development and production of advanced strategic weapons continues, particularly on the SS–27 ICBM and the Bulava SS-NX–32 submarine-launched ballistic missile that is still undergoing testing.

Russia's widely publicized strategic missile launches and increased out of area activities are meant to signal a continued global reach and relevance.

Under a comprehensive set of reforms announced in September 2008, the Russian armed forces will be significantly reduced and remaining units modernized and brought up to permanent ready status by 2020. Emphasis reportedly will be given to precision munitions, intelligence assets, submarines, and elements of an aerospace defense system. These reforms, if carried out, would improve Russian capability to respond to limited regional threats, but reduce their capability for large-scale conventional war.

Turning to global military trends of concern, the proliferation and potential use of WMDs, often linked with delivery system enhancements, remains a grave, enduring, and evolving threat. Terrorist organizations will continue to try to acquire and employ chemical, biological, radiological, or nuclear materials.

The threat posed by ballistic missile delivery systems is likely to increase over the next decade. Ballistic missile systems with ad-

vanced liquid or solid propellent propulsion systems are becoming more mobile, survivable, reliable, accurate, and possess greater range.

Cyber attacks on our information systems are a significant concern. Nation- and non-state terrorist and criminal groups are developing and refining their abilities to exploit and attack computer networks in support of their military, intelligence, or criminal goals. The scope and sophistication of malicious targeting against U.S. networks has steadily increased and is of particular concern because of the pronounced military advantages that the United States has traditionally derived from information networks.

The international proliferation of space-related expertise and technology is also increasing, largely through commercial enterprises, and is helping nations acquire space and space-related capabilities, including some with direct military applications. Included are more capable communications, reconnaissance, navigation, and targeting capabilities.

At the same time, countries such as Russia and China are developing systems and technologies capable of interfering with or disabling vital U.S. space-based navigation, communication, and intelligence collection capabilities. In addition to direct ascent, anti-satellite missile capabilities such as satellite tracking, jamming, and laser blinding are also under development.

The global economic crisis to date has not led to widespread defense spending cuts, with the exception of some Central and Eastern European nations. China's defense spending growth in 2009 is supported by continued economic growth and large international Reserves. China will likely continue to downsize forces, freeing funds needed to meet modernization and reform goals.

Russia's defense spending will continue to increase despite recent declines in oil prices and domestic economic problems. Iran will see government revenues decline in 2009 as oil prices remain at low levels. Defense spending will have to be balanced with social programs. North Korea will continue to divert economic and aid resources to higher priority military projects in spite of critical public welfare needs.

I appreciate this opportunity to share with you the tremendous work done by thousands of defense intelligence professionals who work very closely with their national intelligence, homeland security, and law enforcement colleagues. On their behalf, thank you for your strong support and your continued confidence in our work.

[The prepared statement of General Maples follows:]

PREPARED STATEMENT BY LTG MICHAEL D. MAPLES, USA

Good morning, Chairman Levin, Ranking Member McCain, and members of the committee. Thank you for this opportunity to testify today and for your continued support to the dedicated men and women of the Defense Intelligence Agency (DIA), many of whom are forward-deployed directly supporting our military forces in Afghanistan, Iraq and around the world.

Our Nation faces an unusually complex threat environment—one marked by an accelerating operational pace and a broad spectrum of dissimilar challenges and potential threats from nation-states and non-state, transnational terrorist networks.

This testimony reflects DIA's analytical assessments, worldwide human intelligence, technical intelligence, counterintelligence, and document and media exploitation collection efforts along with intelligence drawn from our close partners throughout the Intelligence Community (IC), international allies, and open sources.

ONGOING CONFLICTS

Iraq

The security situation in Iraq continues to improve. With coalition assistance, communal violence has reached its lowest sustained levels since Prime Minister Nuri al-Maliki's government came to power in 2006 and Iraqi leaders have reached accommodation on a range of key issues. However, many of Iraqis underlying problems, such as lingering ethno-sectarian rivalries, a weakened insurgency, a still-developing central government, and lack of a shared national vision, will continue to challenge Iraqis over the next year and beyond. A rapid degradation of the security situation is unlikely in 2009, though the failure of the Iraqi Government to address key issues may erode security over time.

Overall violence across the country declined in the last 6 months of 2008; by January 2009, attacks were 60 percent lower than in January 2008. In the last quarter of 2008, the percentage of attacks which targeted Iraqi politicians, security officials, and civilians increased while the proportion of attacks targeting coalition forces declined to their lowest level. Key strategic areas are now under Iraqi Government control. This is largely the combined result of coalition and Iraqi operations, more capable and assertive Iraqi leadership and growing popular support for the Iraqi Government and security forces.

The Sadrist movement's influence has declined over the past year. Muqtada al-Sadr's decision to cease Jaysh al-Mahdi (JAM) militant activity against government forces combined with aggressive Iraqi security force (ISF) operations against JAM have reduced the Sadrist's ability to use force to control and influence the population. In addition, over the past year the Islamic Supreme Council of Iraq (ISCI) and the Dawa Party have successfully undermined the Sadrist movement, limiting its ability to influence government decisions. In June, Sadr announced his intention to prioritize his organization's cultural, religious, and socioeconomic outreach while reducing its emphasis on political and militant activity, likely in an effort to regain popular support. This effort has been relatively successful enabling the Sadrists to gain sufficient representation in Shiite-dominated provinces to be a key partner in ruling coalitions in most southern provincial councils. As a result, the Sadrists will likely increase their influence at the local and national levels, which could bolster their efforts to gain concessions on detainee releases and amnesty for exiled Sadrists. The majority of JAM members appear to be complying with Sadr's ceasefire orders, although some will seek other means to violently oppose the coalition's presence in Iraq. JAM Special Groups and other Shiite extremists continue to receive lethal support from Iran.

Al Qaeda in Iraq (AQI) and other active Sunni Arab insurgents continue to exploit anti-government and anti-Kurdish sentiment in northern Iraq despite ongoing security operations in the region; however, the group is increasingly forced to maintain a lower profile to avoid further losses. Particularly in northern Iraq, like-minded Sunni insurgent groups maintain a presence, leveraging AQI's infrastructure, exploiting Sunni fears of Kurdish expansion and destabilizing the region. The most notable of these groups is Ansar al-Islam, which changed its name from Ansar al-Sunna in 2008 and has close relations with AQI in the north.

AQI remains the most active terrorist group in Iraq. It continues to target the Iraqi Government and coalition forces while also trying to reignite sectarian violence, encouraging its most active and ideologically committed members to remain steadfast. Active opposition to AQI has grown since 2006 as backlash to the group's heavy-handed tactics. Coalition efforts to reinforce indigenous resistance to AQI have given the Iraqi opposition to AQI room to flourish. While AQI has the capability to regenerate if given an opportunity to do so, its operational tempo has steadily declined from 2006 levels with the attrition of mid- and senior level operatives. As a result, AQI is currently not able to achieve its strategic goals, and is instead focused on mitigating the effects of these losses to maintain viability. However, AQI's diminished operational tempo does not preclude it from conducting sporadic, yet effective, attacks that have lasting effects within Iraq. With its continued commitment to external attack planning, AQI remains a threat beyond Iraq.

Attacks by Sunni insurgent groups have declined significantly, although most violence remains attributable to the Sunni insurgency. The Sunni Awakening and Sons of Iraq (SOI) local security movements have limited the operational environment for Sunni insurgent groups in central Iraq and forced them to explore new approaches, such as participation in the political process. The operating environment is more permissive for insurgent groups in northern Iraq. Across Iraq, insurgents retain the capability for violence, making the insurgency a long-term threat to the Iraqi Government unless it counters the underlying motivations for insurgent activity, includ-

ing employment, provision of services, and security. Sunni insurgents currently operate primarily at a local level.

SOI groups have proven themselves a critical force multiplier for coalition and ISF. They provide vital intelligence and security presence in many areas formerly dominated by extremists or militias. The SOI initiatives have begun to bridge sectarian divides between the Sunni and Shiite population, as groups embrace mutual cooperation to improve security. The transition of Baghdad's SOI programs to government control late last year proceeded smoothly. Twenty-percent of the SOI will transition into the ISF, and 80 percent into other employment. The transfer of responsibility for the SOI programs is a key step toward reinforcing Government of Iraq (GOI) security responsibility and Iraqi sovereignty.

Sunni Arab relations with coalition forces have greatly improved, as have those between local Sunni security groups and the GOI despite lingering mutual mistrust. Prime Minister Maliki's operations against Shiite militants demonstrated to many Sunni Arab leaders that he was willing to act in national—not sectarian—interests. Tawafuq, the main Sunni Arab political coalition, returned to the Iraqi Government last July. Iraq's Arab neighbors are establishing a diplomatic presence in Baghdad for the first time since the fall of Saddam's regime. Provincial elections were a key step to maintaining Sunni Arab engagement, although the long-term provision of services to and economic development of stabilized Sunni areas by the Iraqi Government will be a more significant driver of reconciliation. Sunni Arabs widely boycotted the 2005 provincial elections and as a result are underrepresented in many provinces, including Ninawa, Diyala, and Salah ad Din. Following the largely credible and legitimate provincial elections in January 2009, Sunni Arabs have achieved a more equitable political representation. Results generally reflected the provincial ethno-sectarian demographics, which will likely help build Sunni confidence in Baghdad. Sunnis may tolerate some political setbacks provided they see improvements in their living conditions.

Provincial elections have changed the balance of power between Shiite parties in Iraq. ISCI has lost its prominence and is unlikely to have high level positions in provincial governments. The Dawa Party, which led the State of Law coalition, has emerged as a stronger force in local and national politics and will be able to use its control of government resources to further its parliamentary election campaign efforts in late 2009. The Sadrist Trend, largely marginalized in 2008, will probably regain some influence due to a likely partnership in several provinces with the State of Law coalition.

The ISF improved their overall capabilities in 2008, reaching tactical proficiency in providing security as demonstrated by an increased ability to plan, prepare, and execute independent counterinsurgency (COIN) operations. At the direction of Prime Minister Maliki in March, the ISF began a series of complex, large-scale COIN operations throughout Iraq. These high profile operations have been effective in regaining Iraqi Government control over previously contested areas. They also highlighted the relative progress of the ISF maneuver elements over the past year as they have expanded in size, capability, and ability to deploy.

The ISF still suffers from deficiencies in combat support and service support to sustain large-scale operations. The ISF continues to rely on coalition support for key enabling capabilities including close air support, intelligence, surveillance, and reconnaissance (ISR), logistics, transportation, medevac, legal and finance support, civil-military affairs and engineering, as well as counterterrorism and force protection assets. The greatest obstacles to ISF development continue to be a shortage of qualified leaders, a lack of vehicles and basic equipment and immature logistics and sustainment capability. Moreover, the spontaneous creation of new units exacerbates existing shortages of personnel and equipment. In addition, budget shortfalls will likely affect the ISF adversely unless the Prime Minister and the legislature can find salient ways to fund it.

The sectarian composition of the ISF will continue to hinder operational effectiveness. The National Police, which will take on increasing responsibility for internal security, is estimated to be heavily staffed—maybe upwards of 75 percent—by Shiite. The Ministry of Interior reorganized the National Police and the coalition provided extensive retraining in an effort to counter corruption and abuses, but many Sunni Arabs still associate the organization with targeting Sunni Arabs during the sectarian violence that marked 2006 and early 2007. As a result, the prospect of National Police deployments has increased tension within Sunni majority provinces. Incorporating more Sunni officer recruits into National Police units in Mosul and Anbar provinces is helping to dispel some of the perceptions of the National Police being a strictly Shiite-dominated force. In addition, as the National Police continues to expand, the ethnosectarian composition of the force is expected to be more representative of the population.

The Kurdish presence and claims across northern Iraq's disputed territories is fueling ethnic tensions and potential violence between Kurds and Arabs. The constitutional process for resolving disputed territories outlined in Article 140 of the Iraqi Constitution has stalled, and the U.N.'s three-phase plan to facilitate the Article 140 process has not achieved measurable progress. Political tensions increased last August when Prime Minister Maliki challenged Kurdish control of Khanaqin in northern Diyala province. Also, in early December, Iraqi Army movements around Kirkuk—territory also claimed by the Kurds—further increased tensions. Coalition engagement helped diffuse the situation, but both GOI and Kurdish Regional Government (KRG) military forces remain deployed around the cities. Prime Minister Maliki's assertiveness, combined with increasing opposition to Kurdish territorial claims within the Iraqi parliament, will likely force the Kurds to adjust their strategy for incorporating disputed territories, including Kirkuk, into the KRG. The Kurds see their political leverage on this issue diminishing and as a result, fear the GoI will attempt to seize control of disputed areas the Kurds currently hold—especially in Ninawa and Kirkuk governorates. This may be the greatest potential flashpoint in Iraq for 2009.

Turkey remains concerned about Kurdish separatism as well as the threat posed by the Kurdish terrorist group, the Kongra Gel (KGK). However, historic talks last October between KRG President Masoud Barzani and senior Turkish leaders may represent a thaw in Turkey's hard-line stance and a growing recognition that long-term resolution to the KGK issue will come through diplomatic efforts in addition to military action. KRG action on Turkish demands will be critical to continued diplomatic developments.

Iran continues to provide money, weapons and training to some Iraqi Shiite militants despite pledges by senior Iranian officials to stop such support. The weapons include Explosively Formed Penetrators (EFPs) with radio-controlled, remote arming and passive infrared detonators, mortars, rockets, rocket-propelled grenades and launchers, small arms ammunition and explosives.

The Islamic Revolutionary Guard Corps (IRGC) is part of the Iranian government and has a central role in carrying out Iran's policies in Iraq through its special operations command—the Qods Force. The IRGC-Qods Force holds the Iraq portfolio within the Iranian regime and posts officers in Iran's diplomatic missions throughout Iraq, including Iran's current Ambassador to Iraq, Hassan Kazemi-Qomi, who is a Qods Force officer. The IRGC-Qods Force covertly trains, funds, and arms Iraqi insurgents and militias. It also offers strategic and operational guidance aimed at undermining U.S. interests in Iraq. The IRGC-Qods Force junior partner, the Lebanese Hizballah, has trained Iraqi insurgents in Iraq, Iran, and Lebanon. The Lebanese Hizballah provides insurgents with the training, tactics, and technology to conduct kidnappings, small unit tactical operations and employ sophisticated improvised explosive devices (IEDs), incorporating lessons learned from operations in southern Lebanon.

Iran is training Shiite militants in use of IEDs and EFPs and efforts to defeat these weapons and the networks that design, build, emplace, and fund them draw persistent counterresponses. The flow of new IED technologies and highly creative emplacement and employment methods underscore the enemy's ability to adapt and react quickly and efficiently. Although there is a coercive aspect to Iranian policy in Iraq—with Iran seeking to use all sources of national power to secure greater influence in Iraq—Tehran and Baghdad generally enjoy a positive relationship and there is no evidence that the Iranians are seeking to topple Maliki's Government.

The flow of foreign terrorists into Iraq and the number of associated suicide attacks have declined, due in large part to increased security measures and disruptions to the AQI network. At the same time, the nations where foreign fighters originate or transit have increased their counterterrorism efforts, especially targeting foreign fighter transport networks.

Afghanistan and Pakistan

The security situation in Afghanistan continued to worsen in 2008, driven by an increasingly proficient insurgency, government inability to deliver basic services to portions of the country and insurgent access to safe havens in western Pakistan. Through its use of violence and intimidation, the Taliban-led insurgency in Afghanistan continued to undermine confidence in the government's ability to provide security and justice. While the insurgency remains concentrated in the Pashtun-dominated south and east, it continued to expand over the past year to some western areas that lack effective security and government presence. As Afghanistan prepares for presidential elections in 2009, these factors will contribute to a more challenging environment than in 2008. Across the border, Pakistan also faces simultaneous economic, political, and security challenges. The government faces an expanded mili-

tancy, which finds sanctuary in the Federally Administered Tribal Areas (FATA), and an economy beset by falling foreign exchange reserves, a depreciating currency, and high inflation. Despite an international economic aid package, the economy will continue to struggle in 2009.

Although the Taliban have not demonstrated an ability to conduct sustained conventional operations, it has increased attacks every year since 2002. Enemy-initiated violence in 2008 grew by 55 percent over levels in 2007. Statistics also show a 21 percent increase in suicide bombings, a 106 percent increase in the use of IEDs, and a 33 percent increase in small arms attacks. Some of these trends reflect the International Security Assistance Force's (ISAF) increased activities in expanded operational areas.

Insurgents in Afghanistan have expanded their use of tactics and techniques, such as kidnappings and suicide attacks, demonstrating the adaptive nature of the threat. Despite pledges by some local Afghan tribes to restrict border transit, insurgents continue to cross the porous Afghan-Pakistani border to safe havens in western Pakistan. Along Afghanistan's eastern border, Iran has sought to expand its influence in Afghanistan. Iran advances its goals through legitimate business and humanitarian efforts along with weapon shipments that include EFPs, rocket propelled grenades, mortars, rockets, small arms ammunition, and explosives.

While the Taliban lost several key commanders in 2008, steady access to local Pashtun and foreign fighters has allowed them to sustain operations. Al Qaeda's presence in Afghanistan has increased to levels unseen since 2001–2002. Al Qaeda collaborates closely with the Taliban and other insurgent elements and supports the insurgency with personnel, training and resources, particularly in Afghanistan's south and east. Taliban and al Qaeda use of information operations have played to both domestic and international audiences, raising the profile of the insurgency and encouraging additional financial and personnel support.

Afghanistan's army and police forces continue to slowly increase in size and effectiveness, but this growth has not kept pace with the Taliban's ability to exploit a lack of security presence. The Afghan National Army (ANA) has grown from 49,000 to approximately 80,000 over the last year, fielding 6 new commando battalions which are specifically trained to handle counterinsurgency operations. Half of Afghanistan's combat arms units can lead combat operations, albeit with coalition support. The Afghan people generally view the army as one of the most trusted Afghan institutions. In contrast, Afghan National Police (ANP) forces still require considerable training and coalition support to fulfill their mission. The ANP has reportedly grown from 75,000 to approximately 80,000 over the last year. The Afghan Government has subsequently initiated a program to improve police performance. As of January, police from 52 of the most violent districts in Afghanistan have participated in training. Despite measured progress, the government continues to struggle against violence, corruption, and narcotics trade.

Over the next year, the Afghan Government will remain vulnerable to insurgent violence, the narcotics trade, foreign influences and disruptive political maneuvering ahead of the 2009 Afghan presidential election. Without significant improvements in the government's ability to deliver basic services and provide increased security, Afghan popular discontent will persist and could worsen especially in areas where corruption persists, select Pashtun tribes remain disenfranchised and the economy does not provide basic employment opportunities.

In Pakistan, the FATA continues to provide vital sanctuary to al Qaeda, the Afghan Taliban, and a number of foreign and Pakistan-based extremist groups. Al Qaeda exploits the permissive operating environment to support the Afghan insurgency while also planning attacks against the U.S. and western interests in Pakistan and worldwide. Together with the Afghan Taliban and other extremist groups, al Qaeda uses this sanctuary to train and recruit operatives, plan and prepare regional and transnational attacks, disseminate propaganda and obtain equipment and supplies. All these groups consider U.S. and western interests, as well as Pakistan's army and other Pakistani Government interests as legitimate targets, as demonstrated by the attacks against the Danish Embassy and Marriott Hotel in Islamabad.

Pakistan's military has expanded paramilitary forces and deployed additional troops to the area in an effort to contain the threat. Pakistani military operations in Bajaur Agency have been met with fierce resistance by militants. While militants previously have been unable to sustain attacks in the face of a military response, militants in Bajaur maintain extensive networks and reinforcements, helping them remain entrenched. In the Swat Valley, a "settled" district of the Northwest Frontier Province, the government recently agreed to militant demands to impose Shari'a law in the district, a move that could embolden militant organizations in other parts of the country.

Pakistani leaders stress the importance of national sovereignty and condemn cross-border military actions from Afghanistan. Nevertheless, while Pakistan has allowed limited U.S. assistance in counterinsurgency training, it is much more receptive to increased intelligence sharing, technical cooperation, and equipment and armaments to improve its counterterrorism and counterinsurgency capabilities. Although U.S. efforts to address Pakistani counterinsurgency deficiencies are underway, it will take years before meaningful capabilities are likely to be developed.

While some Pakistani senior leaders have publicly acknowledged that extremism has replaced India as Pakistan's preeminent national security threat, India remains a high-priority, long-term concern. On matters of external defense, Pakistan seeks stability and a balance of power deterrent across the region through continued improvements to its nuclear and conventional forces, although the economic decline will likely slow progress in these areas.

Pakistan continues to develop its nuclear infrastructure, expand nuclear weapon stockpiles and seek more advanced warheads and delivery systems. Pakistan has taken important steps to safeguard its nuclear weapons, though vulnerabilities exist.

Strategic rivalry with India continues to drive Pakistan's development of an expanding array of delivery systems. Islamabad is developing cruise missiles such as the Babur for ground-launch and the Ra'ad for air-launch. Pakistan may pursue other launch platforms and missions for these missiles.

Meanwhile, Pakistan continues to develop the Abdali short-range and the Shaheen II medium-range ballistic missiles. Significant progress was made last year in the Shaheen II's development and when deployed it would become Pakistan's longest ranged ballistic missile, capable of reaching targets out to 2,000 kilometers. These two missiles will join a missile inventory that already includes nuclear- and conventionally-armed short- and medium-range ballistic missiles.

Transnational Terrorist Threat

Al Qaeda is committed to imposing its own interpretation of Islamic rule upon the Muslim world and is the most significant terrorist threat to U.S. interests worldwide.

Al Qaeda retains the operational capability to plan, support, and direct transnational attacks despite the deaths of multiple senior level operatives. The operating environment in the FATA—along with supportive indigenous elements in Pakistan—not only allows al Qaeda to support the Afghan insurgency, conduct attacks in Pakistan, and prepare transnational attacks against the west, it also provides the time and space needed to train and develop the next generation of al Qaeda leadership.

Al Qaeda continues to recruit and train operatives who can travel easily, without drawing scrutiny from security services. In addition to being a target in its own right, Europe could be used as a platform from which attacks against the United States could be initiated.

Al Qaeda continues efforts to acquire chemical, biological, radiological, or nuclear (CBRN) materials and would not hesitate to use such weapons if the group develops sufficient capabilities. CBRN-related information is widely available on the internet and, in many cases, small scale or crude agents are easy to construct. Al Qaeda and its associates are most likely to use low-level CBRN agents such as ricin, botulinum toxin or toxic industrial chemicals such as cyanide and chlorine.

In 2008, Osama bin Ladin issued 4 statements and al-Zawahiri issued 10. Each has issued one statement thus far in 2009. The continued release of statements by the group's leaders and senior operatives who have not previously appeared in propaganda, is an attempt to convey health, a robust leadership core, and influence over the movement. The wide array of speakers is likely meant to signal that al Qaeda's viability transcends bin Ladin and al-Zawahiri. The messages are designed to encourage donors, enlist recruits, guide the movement, and drive a wedge between the United States and its allies.

Al Qaeda increasingly lost operatives, including senior planners and trainers, to counterterrorism operations in Pakistan. Mid-level operatives rise to advance plans and operations; however, sustained counterterrorism operations strain the group's ability to recuperate from leadership losses, degrade transnational attack capabilities, and disrupt regional attack planning. Nevertheless, capable al Qaeda operatives remain.

Al Qaeda continued to further relationships with compatible regional terrorist groups to extend the organization's financial and operational reach. Al Qaeda uses such mergers to foster public perceptions of its worldwide influence, pursue its transnational agenda and to strike U.S. and western interests in new areas. As

these mergers multiply, the threat may increase as new franchises adopt al Qaeda's targeting priorities, against U.S. and western interests.

Al Qaeda in the Lands of the Islamic Maghreb (AQIM) continues to expand its operational activities outside Algeria with several attacks against western interests in both Mauritania and Tunisia. Despite increased counterterrorism efforts by North African governments, AQIM continues to improve its ability to conduct sophisticated large-scale attacks in North Africa and the Sahel.

East Africa remains an environment conducive to large, casualty-producing attacks such as the 1998 embassy bombings. Despite regional counterterrorism operations since late 2006, senior East Africa-based al Qaeda operatives remain at large and likely continue attack planning against U.S. and western interests in the region.

Recent propaganda from both al Qaeda and the Somalia-based terrorist group al-Shabaab highlighting their shared ideology suggests a formal merger announcement is forthcoming. Al-Shabaab has conducted near-daily attacks against regional government and security forces in Somalia, including suicide vehicle born IED attacks in Puntland and Somaliland. Cooperation among al Qaeda inspired extremists throughout the region strengthens al Qaeda's foothold in Africa.

In South Asia, the November 2008 attack in Mumbai highlighted the increasing ability of terrorist organization Lashkar-e-Tayyiba to direct and execute terrorist attacks inside India. Besides raising India-Pakistan tensions, the targeting of foreign nationals and Jewish interests, as well as the coordination and complexity of the operation, marked a departure from previous attacks and raised concerns in the region.

In Southeast Asia, the Jemaah Islamiyah (JI) and Abu Sayyaf Group (ASG) are the terrorist groups that pose the greatest threat to U.S. interests. The JI, which is based mainly in Indonesia, works regionally with other Islamic terrorist and separatist groups, including with the ASG, based in the Philippines, to achieve its goal of establishing a regional caliphate. Two JI operatives were arrested in Malaysia, but other senior operatives remain at large. While JI has not carried out a large-scale attack in Indonesia since the 2005 attack in Bali, raids and arrests by Indonesian authorities in mid–2008 revealed caches of bombs and explosives—clear signs that the group maintains the interest and capability to conduct attacks.

A comprehensive peace accord remains elusive in the Philippines, where the Moro Islamic Liberation Front (MILF) and Philippine government continue to discuss conditions for resuming peace talks. The breakdown in negotiations spurred MILF bombings in Mindanao; violence likely will continue until both sides can agree on terms to resume negotiations. While Philippine counterterrorism efforts have disrupted some attacks, ASG and other terrorists retain the capability to conduct operations.

Following the February 2008 killing of Hizballah terrorist leader Imad Mughniyah, Hizballah publicly threatened retaliation. Reprisals against those Hizballah believe responsible remains likely.

REGIONAL ISSUES AND MILITARY DEVELOPMENTS

Iran

Iran's military is designed principally to defend against external threats from more modern adversaries and threats posed by internal opponents. However, Iran could conduct limited offensive operations with its ballistic missile and naval forces.

Diplomacy, economic leverage and active sponsorship of terrorist and paramilitary groups are the tools Iran uses to drive its aggressive foreign policy. In particular, terrorism is used to pressure or intimidate other countries, and, more broadly, to serve as a strategic deterrent. Iran assesses that its use of terrorism provides benefits with few costs and risks. Iran continues to provide lethal aid to Iraqi Shi'a militants and Afghan insurgents while simultaneously providing weapons, training and money to Lebanese Hizballah, its strategic partner.

Within the country's borders, modernization of Iran's conventional military inventory has traditionally favored naval and air defense forces over ground and air units, while all Services have worked to improve their doctrine and tactics. Ongoing naval modernization is focused on equipment such as fast missile patrol boats as well as anti-ship cruise missiles and naval mines. Iranian broadcasts claim that Iranian unmanned aerial vehicles (UAVs) have monitored U.S. aircraft carrier operations in the Persian Gulf. All naval elements have also developed and practiced methods intended to counter U.S. technical superiority.

Iran continues to invest heavily in advanced air defenses, reversing decades of neglect in this arena. Iran has deployed the advanced SA–15 tactical surface-to-air missile (SAM) systems and continues to express interest in acquiring the long-range

SA–20. Iran's procurement of modern SAMs with automated command, control and communications systems will improve its ability to protect senior leadership and key nuclear and industrial facilities.

While not investing in major new ground systems since at least early 2005, Iran is building an asymmetric capability to counter more advanced, adversary ground forces, including enhancements to its Basij volunteer forces, which would play a large role in an asymmetric fight. IRGC ground forces are reorganizing to improve coordination in preparing for and countering internal and external threats. Regular ground forces may be included in that consolidation, and all ground forces continue training to better defend against potential invaders.

Regular Iranian ballistic missile training continues throughout the country. Iran continues to develop and acquire ballistic missiles that can range Israel and central Europe, including Iranian claims of an extended-range variant of the Shahab-3 and a 2,000-km medium range ballistic missile (MRBM), the Ashura. Iran's February 2, 2009, launch of the Safir Space Launch Vehicle shows progress in some technologies relevant to intercontinental ballistic missiles (ICBMs). Beyond the steady growth in its missile and rocket inventories, Iran has boosted the lethality and effectiveness of existing systems with accuracy improvements and new submunition payloads.

With the rest of the IC, we judge that Iran halted its nuclear weaponization and covert uranium conversion and enrichment-related work in 2003, but we assess that Tehran at a minimum is keeping open the option to develop nuclear weapons. Iran continues to develop its overt enrichment program in defiance of U.N. Security Council resolutions. Iran is producing uranium enrichment feed material at Esfahan, claims to be enriching uranium in 5,000 centrifuges at Natanz and is working on more advanced centrifuges. It also continues to build a heavy water reactor at Arak which will be capable of producing plutonium that could be processed for use in a weapon if required facilities are developed.

DIA judges Iran's biological warfare (BW) efforts may have evolved beyond agent research and development, and we believe Iran likely has the capability to produce small quantities of BW agents but may only have a limited ability to weaponize them. Iran continues to engage in dual-use research and seek biotechnical materials, equipment and expertise, which have legitimate uses but could also enable ongoing BW efforts.

We assess that Iran maintains dual-use facilities intended to produce chemical warfare agents in times of need and conducts research that could have offensive applications.

Syria

Syria is trying to balance a complex mix of objectives throughout the region, particularly in Lebanon and Iraq, to both pursue its interests and protect itself in the volatile regional environment. Syria likely sees its foreign policies as successful, especially in Lebanon, as it has engaged with a steady stream of world leaders since it helped end Lebanon's political crisis in May.

Syria seeks improved relations with the Iraqi Government, in particular lucrative renewed economic cooperation, while at the same time harboring Iraqis with ties to insurgents and other oppositionists in Iraq.

Syria in recent weeks took steps to normalize relations with Lebanon, and in mid-October formally established diplomatic ties for the first time ever and took initial steps toward opening an embassy in Beirut. Yet Syria still seeks to strengthen its influence in Lebanon through its continuing support to Hizballah and other pro-Syrian allies. We judge that Syria will seek to expand its influence over the Lebanese government, especially in the upcoming 2009 elections, so that it can secure a role for itself in any wider Middle East diplomatic efforts and continue to stymie any legislation that threatens its interests, such as the United Nations' investigation into former Lebanese Prime Minister Hariri's assassination.

Internally, the regime is trying to counter Islamic extremists that pose a threat to Syria, as highlighted by a car bombing in Damascus in September that killed 17 people. Partly in response to western pressure and in an effort to curb extremist threats to the regime, some foreign terrorist movements from Syria into Iraq are blocked. Nonetheless, Syria remains the primary gateway for Iraq-bound foreign fighters and numerous terrorist groups operate from Syrian territory.

With regard to its external defense, Syria's military remains in a defensive posture and inferior to Israel's forces, but it is upgrading its missile, rocket, anti-tank, aircraft and air defense inventories. We judge it is likely giving anti-tank guided missiles to Hizballah as Syria remains committed to providing high levels of support to the organization. Syria increasingly perceives Hizballah as an extension of its own defense capabilities against Israel in potential future conflicts.

Significant air defense related deliveries include at least two SA–22 self-propelled short-range gun and missile air defense systems from Russia in June 2008, out of a contract for several dozen. Recent Syrian contracts with Russia for future delivery include new MiG–31 and MiG–29M/M2 fighter aircraft, and the SA–X–17 medium-range SAM system.

Syria's chemical warfare program is well established with a stockpile of nerve agent, which it can deliver by aircraft or ballistic missiles. During the past several years, Syria has continued to seek chemical warfare-related precursors and expertise from foreign sources. Syria has the facilities and the expertise to domestically produce, store and deliver chemical agents. Syria will continue to improve its chemical warfare capability for the foreseeable future to counter regional adversaries.

Based on the duration of Syria's longstanding BW program, we judge some elements of the program may have advanced beyond the research and development stage and may be capable of limited agent production. Syria is not known to have successfully weaponized biological agents in an effective delivery system, but it possesses a number of conventional and chemical weapon systems that could easily be modified for biological agent delivery.

Syria's ballistic missile inventory is designed to offset shortfalls in the country's conventional forces. It includes older Russian built SS–21s as well as SCUD B, SCUD C, and SCUD D missiles. Syria continues to flight test ballistic missiles which it views as a strategic deterrent against Israel.

Levant

The Levant remains tense with the potential for renewed conflict. Israel, Hizballah and Syria are internalizing lessons learned from the summer 2006 conflict in preparation for potential future conflict. While none appear to want fighting to resume now, they all view its likelihood over the medium term. The period of high tension between Israel and Syria during the summer of 2007 has subsided. Nevertheless, Israel remains concerned over Syria's military posture. Similarly, Syria fears an Israeli attack.

Senior Israel Defense Force leaders are driving an intense effort to fix shortcomings in readiness, training, logistics, and combined arms operations identified following the summer 2006 war.

Iran and Syria jointly continue to support anti-Israel terrorist and militant groups in Lebanon and the Palestinian territories. However, the alliance between secular Arab Syria and theocratic Persian Iran is not a natural one, and may erode if Syria is accommodated significantly in any diplomatic agreement with Israel.

Israel's recent Operation Cast Lead in the Gaza Strip, Hamas' rise to power in Gaza, the resultant bifurcation of control of the Palestinian territories and the ongoing rivalry between Hamas and Fatah complicate Israeli-Palestinian peacemaking efforts. Operation Cast Lead, which took place 27 December—18 January, aimed at reducing Hamas rocket fire into Israel and weapon smuggling into the Gaza Strip and sought to deter future Hamas attacks on Israel. The resulting ceasefire, details of which are still being negotiated by Egypt, is likely to result in a period of calm over the next year or so but will not address the long-term problems of Hamas control of the Gaza Strip. Unless a political solution to the intra-Palestinian division and Hamas' rejection of peace with Israel is found, another round of fighting in the Gaza Strip is likely in the mid-term future. Hamas will attempt to use the ceasefire to rebuild and improve its military capability while seeking to control reconstruction of the Gaza Strip. Increased international cooperation against Hamas and Iranian arms smuggling efforts will hamper Hamas' rearmament but will not affect Hamas' ability to maintain control in Gaza.

After 18 months of political stalemate, former Lebanese Armed Forces Commander Michel Sleiman became Lebanon's President on May 25, 2008. Sleiman's election followed the armed mid-May takeover of West Beirut by Lebanese Hizballah and the subsequent May 21, 2008, Doha agreement which quelled intra-Lebanese political in-fighting and ended the political impasse over the election of a new President. Currently Lebanese leaders are focused on the upcoming parliamentary elections scheduled for June 7, 2009. However, significant destabilizing influences remain: the rearming of militias and Syria's effort to maintain its influence in Lebanon, as well as the status of Hizballah's arms and its role, if any, in a Lebanese national defense strategy.

Al Qaeda and other Islamist terrorist groups have tried to develop support and operate in Lebanon and the Palestinian territories. They have, however, encountered obstacles in attaining these goals.

China

China is strengthening its ability to conduct military operations along its periphery on its own terms. It is building and fielding sophisticated weapon systems and testing new doctrines that it believes will allow it to prevail in regional conflicts and also counter traditional U.S. military advantages.

The People's Liberation Army (PLA) is increasingly building its own sophisticated aircraft, surface combatants, submarines and weapon systems while still purchasing select systems from overseas. As an example, to improve its air defenses China is producing the 4th Generation F–10 fighter aircraft along with the PL–12 air-to-air missile, yet has continued to import SA–20 surface-to-air missiles (SAM) from Russia. China has developed and begun to deploy indigenous SAM systems which, together with SAMs imported from Russia, provide a modern, layered, ground-based air defense capability to defend important assets. China bought a total of 16 SA–20 air defense battalions, 8 of which have an increased engagement range from 150 to 200 km. China is developing a layered maritime capability with medium-range anti-ship ballistic missiles, submarines, maritime strike aircraft and surface combatants armed with increasingly sophisticated anti-ship cruise missiles.

The PLA has achieved moderate success in introducing these new weapons. Additional integration probably will accelerate as the PLA explores the full potential of new weapons.

China is looking beyond a potential Taiwan contingency and is pursuing capabilities needed to become a major regional power. The navy already operates a large surface fleet, an increasingly modern submarine fleet, and increasingly appears likely to pursue an aircraft carrier development program. The air force is developing an extended-range, land-attack cruise-missile-capable bomber. However, China must still integrate new doctrinal concepts and it also lacks the overseas bases needed for extended operations. China will most likely increase maritime patrols of disputed oil fields and its Exclusive Economic Zone, although not achieve a true regional power projection capability in the next decade.

Moving away from its historical reliance upon mass conscription, China is trying to build a more professional military workforce—one able to engage successfully in modern warfare. The PLA seeks to rejuvenate its officer corps, strengthen military education, reform its noncommissioned officer corps, improve military quality of life and combat corruption.

China's deployed missile inventory includes nuclear-armed intercontinental, intermediate- and medium-range ballistic missiles, conventional medium- and short-range ballistic missiles and cruise missiles. China's nuclear force is becoming more survivable with the deployment of DF–31 and DF–31A road-mobile ICBMs and the eventual deployment of the JL–2 submarine launched ballistic missile. China currently has less than 50 ICBMs capable of targeting the United States; however the number of ICBM warheads capable of reaching the United States could more than double in the next 15 years, especially if multiple, independently-targeted reentry vehicles (MIRVs) are employed. China has also fielded over 1,000 CSS–6 and CSS–7 conventional short-range ballistic missiles opposite Taiwan. It also is developing more capable medium- and intermediate-range conventional missiles able to range U.S. and allied military installations in the region.

China's nuclear weapon stockpile likely will grow over the next 10 years as new ballistic missiles are activated and older ones are upgraded. China likely has produced enough weapon-grade fissile material to meet its needs for the immediate future. In addition, China likely retains the capability to produce biological and chemical weapons.

China's security strategy emphasizes strategic defense, which integrates diplomacy, economics and information operations with conventional military forces. However, growing capabilities in counterspace, cyber warfare, electronic warfare, and long-range precision strike could enable China to achieve strategic surprise

While Chinese security strategy favors the defense, its operational doctrine does emphasize seizing the initiative through offensive action, including possible preemptive action. China does not view an offensive operational doctrine within the context of a strategic defense as contradictory.

China's total military-related spending for 2008 could be as much as $120 to $175 billion. China has made marginal improvements in military budget transparency, but the PLA's disclosed budget still does not include major categories of expenditures. China's accounting opacity is inconsistent with international standards for reporting military spending. China also remains reluctant to share details about its growing counterspace capabilities.

China maintains an active presence in the South and East China Seas. Chinese operations in the South China Sea, covering areas such as the Spratly and Paracel islands, include reconnaissance patrols, training and island defense, air defense and

service support exercises. China also has conducted operations in the East China Sea area, including patrols to protect its maritime interests and claimed oil and gas resources.

In late December, China deployed naval combatants to the Gulf of Aden to conduct counterpiracy operations. Since December, the navy has escorted several Chinese merchant vessels through the Gulf of Aden. While the duration of the deployment is expected to last approximately 3 months, Chinese press reporting indicates that replacement warships could be made available to continue operations. This is the first time the Chinese Navy has deployed conducting operations outside of East Asian waters.

North Korea

North Korea's main goals are to preserve its current system of government while improving its economic situation, albeit at a pace it believes will not threaten internal stability. Pyongyang does not view its nuclear ambitions, a large Active-Duty Force of about 1.2 million, and improved relations with the United States, as mutually exclusive. Rather they are the means Pyongyang uses to realize its goals.

North Korea's large, forward-positioned, but poorly-equipped and poorly-trained military is not well-suited to sustain major military operations against the south. We believe as a result of its comparative limitations, North Korea is emphasizing improvements in its deterrent capability and its ability to defend against technologically superior forces. The long-range artillery the north has positioned near the demilitarized zone is complemented by a substantial mobile ballistic missile force with an array of warhead options to include weapons of mass destruction that can range U.S. forces and our allies in the Republic of Korea and Japan. North Korea relies upon these capabilities to ensure its sovereignty and independence and occasionally to remind the United States and neighboring countries of its military capabilities in order to have its positions and demands taken seriously.

After a failed July 2006 test launch, North Korea has continued development of the Taepo Dong 2 which could be used for space launch or as an ICBM. North Korea announced in late February that they intend to launch a communications satellite, the Kwangmyongsong-2. North Korea also continues work on an intermediate range ballistic missile.

Last year, progress in the Six-Party Talks was sporadic. In June North Korea provided its overdue nuclear declaration of plutonium activities and publicly demolished the Yongbyon cooling tower, but began reversing disablement measures in August in response to its continued presence on the U.S. State Sponsors of Terrorism List. Although North Korea resumed disablement of its nuclear program following its removal from the list in October, should the Six-Party Talks break down, the North is likely to respond with resumed production of fissile material at Yongbyon while also increasing rhetoric intended to encourage a return to dialogue on the North's terms. In such a scenario, additional missile or nuclear tests could occur.

North Korea could have stockpiled several nuclear weapons from plutonium produced at Yongbyon and it likely sought a uranium enrichment capability for nuclear weapons at least in the past. It has proliferated nuclear weapons-related technology abroad. North Korea may be able to successfully mate a nuclear warhead to a ballistic missile.

North Korea has had a longstanding chemical warfare program and we believe North Korea's chemical warfare capabilities probably includes the ability to produce bulk quantities of nerve, blister, choking and blood agents. We believe Pyongyang possesses a sizeable stockpile of agents.

North Korea is believed to have a longstanding BW program that could support the production of BW agents. North Korea is party to the Biological and Toxin Weapons Convention, but has submitted only one confidence-building measure declaration and has admitted to no offensive BW activities.

Kim Jong Il reportedly suffered a stroke in August 2008 but appears to have largely recovered, making frequent media appearences that are likely meant to show international and domestic audiences that he remains firmly in control. Leadership succession, should it occur due to Kim's sudden death, is likely to progress smoothly in the near term but, because the regime is structured around one-man rule, becomes problematic in the longer term as key individuals and factions compete for control.

Russia

Russia continues on the more assertive path set by former President Putin, who passed the presidency to Dmitriy Medvedev in May but continues to wield significant authority as prime minister. Russia is trying to re-establish a degree of military power that it believes is commensurate with its economic strength and general

political confidence—although the current global economic downturn may limit Moscow's ability to achieve its goals. Perceived Western encroachment into its claimed areas of interest and Islamic or insurgent threats along its periphery are driving Russia's current military activities and modernization efforts.

Russia's widely publicized strategic missile launches and increased out-of-area activity are meant to signal Moscow's continued global reach and relevance to domestic and international audiences. Recent examples are the deployment of two Tu–160/Blackjack strategic bombers to Venezuela in September, the Pyotr Velikiy cruiser strike group's deployment to the Mediterranean during Russia's major exercise "Stability-2008" and to the Caribbean in November.

Russia opposes closer integration of former Soviet countries with the West and wants to continue its presence in the so-called "frozen conflict" areas. Russian peacekeeping forces in Moldova continue to be a major source of friction. In August, the Russian military defeated Georgian forces in operations around Abkhazia and South Ossetia and remain stationed in those separatist areas. During the Georgia conflict, Russia demonstrated the ability to quickly mobilize and respond with large numbers of ground and air forces. However, Russia also experienced several significant weaknesses in its execution such as a lack of air and ground coordination, the lack of precision weapons and navigation aids, the inability to suppress Georgian air defense forces, and a lack of UAVs.

Russian conventional force capabilities continue to grow, albeit at a measured pace. Readiness improvements are seen primarily among the conventional Permanently Ready Forces (PRF), such as those used in Georgia. Russia has increased training and readiness levels in these units above the lowest points of the mid-1990s. However, Russia is finding it hard to improve training quality and modernize equipment while also increasing recruitment and retention rates for the volunteers needed in the PRF and the noncommissioned officer cadre.

In September 2008, Moscow announced a comprehensive set of reforms for its Armed Forces, which, if carried out, would be among the most extensive and far-reaching of any instituted since World War II. While publicly connected with lessons learned from the August conflict with Georgia, these reforms also reflect a much broader and long-term set of evolving Russian threat perceptions and demographic and financial considerations. Under these plans, by 2020 the Russian Armed Forces will be reduced to 1,000,000 personnel, the number of officers slashed from 355,000 to 150,000, military education facilities consolidated, size of the general staff reduced, most if not all cadre units disbanded and remaining units brought up to permanently-ready status, and those permanently ready units reorganized, streamlined and modernized. While Russia has begun implementing some of these reforms, their ultimate success is problematic. Russia's worsening economy, manning shortfalls, resource constraints, and potential re-think of the reforms' impact on military capabilities will likely slow or even stall some elements.

As part of the announced reforms, Russia plans to speed up the modernization of its active forces. Emphasis reportedly will be given to precision munitions, intelligence assets, submarines, and elements of an aerospace defense system. Russia has made a major commitment of almost 5 trillion rubles ($200 billion) to its 2007–2015 State Armaments Program to develop and build new conventional and nuclear weapon systems, with priority on maintenance and modernization of the latter. Even after recently announced cuts to its proposed 2009 defense budget, Russia plans to allocate nearly 1.1 trillion rubles ($45 billion) for the military in 2009. Adjusted for inflation, this represents a 10 percent increase from 2008. However, a significant percentage of this funding will likely be lost to the defense budget due to corruption, mismanagement, and bureaucratic inefficiencies.

These reforms, if largely carried out, would improve Russian capability to respond to limited, regional threats, but reduce their capability for large-scale conventional war. Making all residual forces permanently-ready and establishing the brigade as the basic ground unit would facilitate rapid mobilization and deployment of these relatively compact units to threatened areas. The decision to disband division and army-level formations also may reflect a belief that any conflict that PRF cannot handle would by necessity, escalate to nuclear. Russian operational plans do provide for the first use of nuclear weapons.

Development and production of advanced strategic weapons continues, particularly on the Bulava SS–NX–32 submarine launched ballistic missile, still undergoing testing despite several publicized failures, and the SS–27 ICBM. Russia deployed six SS–27s in 2008, in addition to the six already placed on alert in December 2006 and 2007. Russian Strategic Rocket Forces also deployed two more SS–27s in silos, increasing the total to 50. Russian media reports say Russia flight-tested its developmental RS–24, a MIRVed version of the SS–27, twice in 2007 and once

in 2008, and expects to deploy it in December 2009 after more testing. Russia claims the MIRVed SS–27 can penetrate any missile defense.

The Strategic Arms Reduction Treaty (START) is scheduled to expire on December 5, 2009. Russian officials are eager to continue discussions to replace the treaty with a new legally-binding agreement in order to maintain strategic stability. Russia retains a relatively large stockpile of non-strategic nuclear warheads. Nuclear material diversion remains a concern despite increased security measures. Some nuclear facilities and research reactors remain vulnerable to internal theft, sabotage or a well-executed terrorist attack.

Russia continues research and development efforts that could support its offensive chemical and BW programs.

Russia signed more than $10 billion in arms sales agreements in 2007, marking a second consecutive year of high sales. Russia recently signed large contracts with Algeria, India, Iran, Syria, and Venezuela, while new agreements with China have declined. Pending sales include advanced weapons such as multi-role fighter aircraft, transport aircraft, aerial refueling tankers, jet trainers, transport helicopters, armored infantry fighting vehicles, main battle tanks, and advanced surface-to-air missile systems.

Russia will continue to produce advanced fighter aircraft for export to countries such as India, Malaysia, and Indonesia while also seeking additional warplane sales to South America and the Middle East. Moscow also continues to aggressively market its air defense systems, short-range ballistic missile systems and related automated command and control systems to Syria, Iran, Venezuela, China, and other countries. Defense industry officials, however, have expressed concern that the effects of the global economic crisis on many of Russia's arms customers may result in declining exports. In the coming year at least, Russia's defense industries will become more reliant on domestic orders.

Turkey-Iraq

The Turkish Government has conducted numerous limited military operations over the last several months, primarily involving air and artillery strikes, against Kurdish terrorists in northern Iraq in an effort to disrupt their activities and degrade their capabilities. The KGK continues to strike targets throughout southeast Turkey to include a October 3, 2008, attack on a military outpost that killed 17 Turkish soldiers. The 3 October attack generated intense media and public pressure for additional military actions against KGK bases in northern Iraq, which could lead to a small to medium-scale ground operation this winter or early spring. A large-scale Turkish operation would run the risk of upsetting stability in northern Iraq.

Balkans

In Kosovo, the security situation remains unsettled. February 17 marked the first anniversary of Kosovo's unilateral declaration of independence. Over the past year a constitution has been put in place and in December the European Union's Rule of Law Mission (EULEX) deployed to Kosovo. While modest progress is being made, EULEX will continue to face challenges, especially in asserting authority in the Serb areas of northern Kosovo. Pristina will continue to look to the United States and leading European countries for reassurance and support, to include calls for maintaining a robust international military and police presence. In Bosnia, a political crisis is brewing, as Republika Srpska Prime Minister Milorad Dodik is challenging the country's state-central authorities, seeking greater autonomy and possibly independence. This represents the most significant crisis since the signing of the Dayton Accords of 1995. Dodik's challenge to the central state and the international community could spark violent incidents, but the prospects for widespread violence in Bosnia remain low.

Africa

Beyond the threat of terrorism, the United States faces no major military threat in Africa, although there are serious challenges to our interests.

Nigeria's oil-rich Niger Delta will continue to be plagued by violence as the root causes of the crisis—high levels of poverty, ethnic tensions, and rampant corruption—persist. Militant attacks are likely to expand beyond the immediate Delta region to affect neighboring Nigerian states as well as offshore hydrocarbon facilities.

In Somalia, the Transitional Federal Government will likely continue to weaken, resulting in a further erosion of order. Largely ineffective, the Somali government is incapable of addressing the social and economic causes contributing to the ongoing piracy threat off the Somali coast. Unaddressed, piracy threatens to disrupt the flow of humanitarian supplies as well as commercial traffic transiting off the Somali coast. Warships from over a dozen nations currently conduct anti-pirate patrols in regional waters and have apprehended over 40 suspected pirates this year; most

have since been transferred to Somali and Yemeni authorities for prosecution. Despite this, attacks continue, but at rates lower than the peak of pirate activity in late 2008.

In Sudan, the slow deployment of peacekeeping forces and stalled negotiations will continue to threaten the already desperate humanitarian situation in Darfur. Meanwhile, difficulties surrounding the implementation of the 2005 Comprehensive Peace Agreement will remain a source of tension between north and south Sudan and could lead to incidents of localized confrontation between the former civil war rivals.

Latin America

While the United States presently faces no major conventional military threats across Latin America, a number of concerns endure.

Venezuelan President Hugo Chavez, energized by his win in the February 15 national referendum that lifted presidential term limits, vowed to continue efforts to advance his agenda and confront U.S. regional influence. He has announced he will seek another 6-year term in 2012. The significant drop in world oil prices will delay Venezuelan plans to procure submarines, transport aircraft, and a strategic air defense system. Nonetheless, Venezuela has already purchased advanced fighters, attack helicopters, and assault rifles.

Colombian counterinsurgency operations have degraded Revolutionary Armed Forces of Colombia (FARC) field units and operations, which has led to a significant increase in desertions. The FARC, and other drug trafficking organizations, have, however, maintained their dominant position in the global cocaine trade. Since 2002, President Uribe's national security strategy has dramatically bolstered the security forces' capabilities to counter operations of illegal armed groups nationwide. This security force buildup includes adoption and implementation of a joint command doctrine, which has allowed the police and military to decrease the FARC's manpower and capabilities significantly. Moreover, over the past 6 years, government security forces have removed numerous mid- and senior-level FARC leaders leaving the insurgent organization demoralized and in its most precarious state in the past 10 years.

Bolivian President Morales continues to consolidate power with Venezuelan and Cuban assistance. He also won the January 25 vote on a draft constitution. However, the fact that the constitution was approved by a smaller margin than expected signaled that his popularity may have dropped which has emboldened the political opposition. The opposition continues to resist dialogue on key issues such as greater autonomy for some provinces as well as the sharing of hydro-carbon profits, and their efforts will challenge and perhaps destabilize his government.

The broad support that Cuban President Raul Castro receives from the military, security services and the Communist Party will likely enable him to maintain stability, security, and his own position. The Cuban military's support for Raul Castro shows no signs of reversing. Recent cabinet changes tend to support this assessment. At present there are no indications that a mass migration is imminent.

Growing strains on Mexican drug cartels from the Calderon government's successes is increasing the threat against civilian, military and law enforcement officials and, perhaps, against U.S. counternarcotics personnel in country. Despite recent successes against the Mexican drug cartels, drug-related violence continues to rise with 2008's drug-related murders almost double the 2007 figures. Approximately 45,000 Mexican military personnel have been deployed nationwide as the lead counterdrug force while the government implements law enforcement and judicial reforms.

TRANSNATIONAL ISSUES OF CONCERN

Weapons of Mass Destruction and Delivery Systems

The proliferation and potential use of weapons of mass destruction (WMD) and ballistic missiles against U.S. forces, the American people, our allies and interests remains a grave, enduring, and evolving threat.

Qualitative and quantitative improvements in state nuclear programs—often linked with delivery system enhancements, further enhances the potential risk. Moreover, concerns remain regarding the safety and security of nuclear weapons and materials worldwide, and the potential diversion of fissile and radiological materials.

As technology progresses and becomes increasingly available in a globalized world environment, the threat posed by chemical and biological weapons could become more diverse and technically sophisticated.

Terrorist organizations will continue to try to acquire and employ chemical, biological, radiological, or nuclear materials in attacks while nation-states expand their WMD capabilities and the survivability, accuracy, and range of the associated delivery systems.

Since mid-2006, numerous U.N. Security Council Resolutions have authorized sanctions against Iranian and North Korean nuclear and ballistic missile programs. While these actions have impeded some acquisition and support efforts, they have not stopped the programs themselves. Further frustrating sanction efforts is the inconsistent interpretation and enforcement of the resolutions by several key nations.

While some countries such as Russia and China continue to market fully assembled Missile Technology Control Regime (MTCR)-compliant short range ballistic missiles, entities in China and North Korea, motivated by economic and strategic interests, continue to supply controlled technologies, components and raw materials in support of WMD and missile programs, especially across the Middle East and South Asia.

While some of these transfers are proscribed under various WMD-related control regimes, many others are dual-use with legitimate industrial applications. Examples include multi-axis computer numerically controlled machine tools that have applications in nuclear and missile programs, but are also commonly used throughout legitimate industry. Specialty metals such as 7000-series aluminum used in nuclear and missile programs are also commonly used in aircraft and other industries. Some chemicals used in fertilizer production are also controlled chemical weapon precursors and much of the glass-lined equipment used in pharmaceutical production is controlled due to its applicability to chemical and biological weapons programs. These last examples potentially could allow a state to embed an offensive chemical or biological weapons mobilization capability within its existing commercial infrastructure.

Since 1999, Russia has adopted stronger export control laws and amended its criminal code to permit stricter punishment for illegal WMD-related exports. Similarly, China has also moved to enact export control laws to restrict proliferation of WMD-related materials. However, both have been inconsistent in applying these regulations, particularly regarding the sale of dual-use technology.

Nongovernmental entities and individual entrepreneurs also remain a great concern. These organizations and the proliferation networks they tie into are often able to sidestep or outpace international detection and export control regimes. By regularly changing the names of the front companies they use, exploiting locations in countries with more permissive environments or lax enforcement and avoiding international financial institutions, these organizations are able to continue supplying WMD and ballistic missile-related and technology to countries of concern.

Most state programs now emphasize self-sufficiency to reduce reliance upon external suppliers, which also limits their vulnerability to detection and interdiction. For example, Iranian weapon makers now advertise their ability to manufacture guidance and control components, such as dynamically tuned gyros. Instead of importing ballistic missile systems, Tehran now produces the SCUD B and C, Shahab-3 and Fateh-110 even though it still depends on outside sources for many of the related dual-use raw materials and components.

While these indigenous capabilities are not always a good substitute for foreign imports, particularly for more advanced technologies, they prove adequate in many cases. Consequently, as some countries forego imports in favor of indigenous WMD-related production, they position themselves anew as potential secondary proliferators.

Even though most advanced nations cooperate against WMD proliferation, a number of trends beyond direct government control still fuel the threat. They include commercial scientific advances, the availability of relevant dual-use studies and information, scientists' enthusiasm for sharing their research and the availability of dual-use training and education.

Overall, the threat posed by ballistic missile delivery systems is likely to increase while growing more complex over the next decade. Current trends indicate that adversary ballistic missile systems, with advanced liquid- or solid-propellant propulsion systems, are becoming more flexible, mobile, survivable, reliable and accurate and possess greater range. Pre-launch survivability is also likely to increase as potential adversaries strengthen their denial and deception measures and increasingly base their missiles on mobile sea- and land-based platforms. Adversary nations are increasingly adopting technical and operational countermeasures to defeat missile defenses. For example, China, Iran, and North Korea exercise near simultaneous salvo firings from multiple locations to defeat these defenses.

Computer Network Threats

The U.S. information infrastructure, which includes telecommunications, computer networks and systems, and the data that resides on them, is critical to most aspects of modern life in the United States, Russia, and China posses the most experienced, well-resourced and capable computer network operations (CNO) capabilities that could threaten the United States, but they are not the only foreign entities that do. Other nations and non-state terrorist and criminal groups are also developing and refining their abilities to exploit and attack computer networks in support of their military, intelligence or criminal goals.

The scope and sophistication of malicious CNO targeting against U.S. networks has steadily increased over the last 5 years. This is of particular concern because of the pronounced military advantages that the United States has traditionally derived from information networks. Potential adversaries that cannot compete directly against the United States may view CNO as a preferred asymmetric strategy to exploit our weakness while minimizing or degrading our traditional strengths. In particular, overseas production of information technology components provides opportunities for potentially hostile actors to access targeted systems by exploiting the supply chain at its origin.

Russia and China have the technical, educational and operational ability to conduct CNO against targeted networks. Russia remains the most capable cyber-threat to the United States. Several high-ranking Russian military officials have promoted CNO's potential against future adversaries. Since 2005 China has been incorporating offensive CNO into their military exercises, primarily in first strikes against enemy networks.

Recent hacking activities emanating from China underscore concerns about potential hostile CNO intelligence collection activities. Several foreign governments, to include Germany, India, the United Kingdom, and South Korea, have publicly alleged government and corporate network intrusions by actors in China.

Foreign Intelligence

Our peer competitors, traditional adversaries and today, terrorist organizations pose a significant challenge to the United States and in particular our military, as they attempt to steal our secrets, deter our global military operations and influence our national policy. We face a wide range of threats from the activities of foreign intelligence services and terrorist groups which employ classic intelligence tools and tradecraft to collect against U.S. military, diplomatic, and economic interests at home and abroad. Some terrorist groups are capable of conducting fairly sophisticated intelligence operations, to include the conduct of pre-operational surveillance.

Foreign intelligence services directly and indirectly collect unclassified and classified information on key U.S. technologies, particularly military and dual-use, export-controlled items with military application. Several of our traditional adversaries pose a serious and persistent challenge; they have demonstrated exceptional patience and skill in pursuing priority U.S. and military targets. Industrial espionage has a profound impact which negates the effectiveness of our weapons systems and puts our military forces at risk.

The threat to our infrastructure, especially our computer networks, remains a lucrative target to not only our adversaries' intelligence services, but also to organized criminal groups and individuals whose sole objective is to penetrate our network defenses.

Underground Facilities

We are witnessing the emergence of a new warfighting domain—the subsurface domain. Changes in warfare have dictated that nations to a much greater extent are constructing and relying on deep underground facilities to conceal and protect their most vital national security functions and activities. Two key factors driving these changes are increased overhead reconnaissance capabilities and greater lethality, range, and accuracy of precision-guided munitions.

In the past year, our potential adversaries have constructed dozens of deep underground facilities for their ballistic missile forces, including theater and ICBMs. The use of underground facilities complicates the IC's ability to monitor ballistic missile activities, and it improves the survivability of these weapons.

Iran and North Korea protect major elements of their nuclear programs in underground facilities. In the 2006 conflict with Lebanon, Hizballah complicated Israeli targeting by using underground facilities to store weapons, conduct operations, and launch rockets; construction of underground havens by terrorist organizations is continuing.

Contributing to a large increase in underground facility construction are recent and rapid advances in commercially available western tunneling technology. As po-

tential adversaries improve their ability to build underground facilities, the U.S will find it harder to locate and successfully target these critical facilities.

Space and Counterspace

The international proliferation of space-related expertise and technology is increasing, largely through commercial enterprises, and is helping other nations acquire space and space-related capabilities, including some with direct military applications.

Because most space technologies have both civilian and military uses, this trend is providing a growing list of countries and non-state groups with more capable communications, reconnaissance, navigation, and targeting capabilities. Insurgents in Iraq, for example, have been captured in possession of commercial satellite imagery.

Russia and China are developing systems and technologies capable of interfering with or disabling vital U.S. space-based navigation, communication and intelligence collection capabilities. Other countries have already deployed systems with inherent capabilities to support or conduct anti-satellite (ASAT) engagements, such as satellite-tracking, systems capable of jamming satellite communications, and laser range-finding devices. However, these technologies are costly and most countries that want them are not expected to buy them soon. Aside from Russia and China, countries and non-state actors interested in acquiring counterspace capabilities will likely develop denial and deception techniques to defeat space-based imagery collection, conduct electronic warfare or signal jamming, and conduct physical attacks on ground-based space assets.

China's space and counterspace capabilities have significant implications for U.S. space-based communications, ISR operations. China operates communications, ISR, navigation and Earth resource systems with military applications and will continue to deploy more advanced satellites through the next decade. In addition to its direct ascent ASAT program successfully tested in January 2007, China is developing jammers and kinetic and directed-energy weapons for ASAT missions. By adapting technologies from its manned and lunar space programs, China is improving its ability to track and identify satellites—a prerequisite for anti-satellite attacks.

Russia is making progress modernizing its already formidable space and counterspace capabilities. Efforts are underway to improve Russian navigation, communications, ballistic missile launch detection, and intelligence-gathering satellites. Russia also is enhancing its extensive space surveillance and tracking systems, and maintains a number of systems, such as exoatmospheric antiballistic missiles and satellite-tracking laser range-finding systems, with inherent counterspace applications, and continues to research or expand directed-energy and signal jamming capabilities that could target satellites.

Advanced and Improvised Weapons

Improvised weapons and advanced weapons such as IEDs, long-range rockets, and highly accurate guided missiles give non-state actors the capability to inflict losses against technologically superior opponents at a relatively low cost and with little training. The use of these weapons can produce operational and strategic-level effects beyond the battlefield when used to their maximum effect at the tactical level and publicized through the media or internet. This exposure provides terrorist and insurgent groups with a magnified politico-military potential that exceeds their historical norm.

For example, Hizballah inflicted significant Israeli casualties and challenged Israeli ground operations and plans while using scores of advanced anti-tank guided missiles against Israeli ground forces during the summer 2006 Lebanon conflict. Hizballah also heavily damaged an Israeli warship with an anti-ship cruise missile, a military capability once limited to nation-states that Hizballah was not known to possess prior to the conflict.

Advanced shoulder-launched anti-tank missiles and manportable air defense systems are increasingly available to non-state actors through uncontrolled exports, falsified end-user statements, gray market transfers, ransacked armories and/or direct supply from sympathetic regimes. Of concern, these weapons are easy to conceal, transport, and use; therefore, are ideal terrorist weapons. These weapons can be used singly or in combination with other asymmetric warfare tactics against high-value and lightly-defended targets such as distinguished personnel, critical infrastructure, and civil transportation.

The threat posed by IEDs is significant. The September 2008 attack on the U.S. Embassy in Yemen combined small arms fire with multiple suicide bombers and suicide vehicle-borne IEDs. The IED threat is a function of the relatively low technological barrier for constructing them, the relative ease in acquiring or manufacturing the explosives, and the growing number of readily available training manuals

that demonstrate how to build and effectively deploy them. Terrorist and insurgent groups regularly modify their tactics, techniques, and procedures in an attempt to mitigate counter-IED efforts as well as to avoid previous operational mistakes.

Terrorist and insurgent groups no longer are limited to using stolen commercial explosives or military ordnance for building IEDs. Many groups are using homemade explosives that are manufactured from commercially available chemicals. Several terrorist groups are capable of producing homemade explosive mixtures that equal or exceed the power of military-grade explosives.

CONCLUSION

While combat operations and operations against transnational terrorists continue, other potential threats endure and evolve. Today's focus against the terrorist threat does not preclude the potential for conflict among major nation-states which could intersect vital U.S. interests. In response, defense intelligence must remain able to provide timely and actionable intelligence across the entire threat spectrum to policymakers and military decision-makers so they can maximize our Nation's opportunities while minimizing risks.

In close cooperation with the broader IC, DIA continues to implement important structural and procedural reforms to strengthen analysis and collection while also expanding information sharing across intelligence disciplines, agencies and with our closest allies.

During this critical period of conflict and change, your continuing support is vital. On behalf of the men and women of DIA and across the defense intelligence enterprise, thank you for your continuing confidence.

Our people take great pride in their work. They understand it is an honor and a unique responsibility to conduct such sensitive work on behalf of the American people. It is a privilege for me to serve with them and to have this opportunity to represent their work to you today.

Thank you. I would be pleased to answer your questions at this time.

Chairman LEVIN. Thank you so much, General. Again, thank you for your great service to this country. This will be your last visit to us, but we will long remember that service. We very much appreciate it.

General MAPLES. Thank you, sir.

Chairman LEVIN. Let's try an 8-minute first round.

There has been some confusion and I think some apparent inconsistencies in our assessment of Iran's uranium enrichment activities and their intent. It's my understanding that uranium for civil nuclear power production has to be enriched from 2 to 4 percent, but that highly enriched uranium (HEU) which is necessary for a nuclear bomb or warhead needs to be enriched to about 90 percent.

Let me ask you first, Director: Does the IC believe that as of this time Iran has any HEU?

Director BLAIR. We assess now that Iran does not have any HEU.

Chairman LEVIN. Now, on March—is your mike on, by the way?

Director BLAIR. It is now.

Chairman LEVIN. Thanks.

On March 1, the Chairman of the Joint Chiefs, Admiral Mullen, was asked if Iran has enough fissile material to make a bomb and he said: "We think they do." Now, that seems to be different from what you just said the IC thinks, which is that you believe they do not. Have you talked to Admiral Mullen or what is the explanation for that apparent difference?

Director BLAIR. Mr. Chairman, Admiral Mullen later issued a clarification that he was referring to LEU, not HEU.

Chairman LEVIN. Now, does the IC assess that Iran currently has made the decision to produce HEU for a warhead or a bomb?

Director BLAIR. We assess that Iran has not yet made that decision.

Chairman LEVIN. In 2007, the NIE on Iran said that "The IC judges with high confidence that in the fall of 2003 Tehran halted its nuclear weapons program." Is the position of the IC the same as it was back in October 2007? Has that changed?

Director BLAIR. Mr. Chairman, the nuclear weapons program is one of the three components required for a deliverable system, including a delivery system and the uranium. But as for the nuclear weapons program, the current position of the IC is the same, that Iran has stopped its nuclear weapons design and weaponization activities in 2003 and has not started them again, at least as of mid-2007.

Chairman LEVIN. In 2007 that NIE said the following: "That we judge with moderate confidence that the earliest possible date that Iran would be technically capable of producing enough HEU for a weapon is late 2009, but that is very unlikely."

Now, if your position is the same as it was in 2007, does the 2009 now become 2011?

Director BLAIR. Our current estimate is that the minimum time at which Iran could technically produce the amount of HEU for a single weapon is 2010 to 2015. There are differences among the IC; 2010 to 2015 brackets that uncertainty.

Chairman LEVIN. Relative to the Russian view of Iran, you indicated that Iran's neighbors are threatened or would be threatened by a nuclear-armed Iran. Russia is one of those neighbors. Is it the assessment of the IC that Russia would be concerned by a nuclear-armed Iran?

Director BLAIR. Yes, sir, Russia would be concerned. It has a number of other interests with Iran that are also at play, but it would be concerned about a nuclear-armed Iran.

Chairman LEVIN. Do you have an assessment as to whether or not Russia has an interest in cooperating with us on missile defense?

Director BLAIR. Russia has an interest in cooperating with missile defense, we assess, Mr. Chairman. But they also have an incentive to limit that cooperation on nuclear defense. So I believe it will be a——

Chairman LEVIN. On missile defense or—I'm sorry?

Director BLAIR. Is that what you asked about, sir?

Chairman LEVIN. Yes.

Director BLAIR. Missile defense?

Chairman LEVIN. You said "nuclear defense."

Director BLAIR. I'm sorry. Missile defense. They have some positive incentives to cooperate with us. They have some ways they'd like to limit our missile defenses and their cooperation. So it would be a complex negotiation, but I think it's one worth exploring.

Chairman LEVIN. General, here's a question for you. I think you both have indicated that the greatest threat to Afghanistan's security comes from the Afghan Taliban and other militant forces that reside in sanctuaries on the Pakistan side of the border, from which they are free to command operations against coalition forces. First of all, would you agree with our commander's assessment that the AFA is motivated, capable of fighting, and generally respected by the Afghans?

General MAPLES. Sir, I would agree with that. In fact, they're one of the most respected institutions in Afghanistan.

Chairman LEVIN. Could the Afghan Army be effective in countering the threat of cross-border incursions from Pakistan?

General MAPLES. Yes, sir, they could.

Chairman LEVIN. Can you tell us what the reasoning is why that army is not yet more focused on the border to stop those incursions, given that it's the greatest threat to Afghanistan—excuse me—yes, to Afghanistan, and given the apparent situation that the border police are not an effective force?

General MAPLES. Sir, I believe there are a couple of factors that are involved in that. The first is the operational priority that is given to security in the populated areas of Afghanistan and the fact that the ANP are not at the point where they can provide the kind of security in the cities that is needed. So I think the prioritization of the effort is a part of that decision.

I think the second part of it is simply the number of trained AFA troops that are in place. I think eventually we will reach that point where an operational decision will be made to employ the AFA in a different way.

Chairman LEVIN. How soon can we reach that point of making that decision?

General MAPLES. I know the decision has been made to expand the size of the AFA to 134,000 and that a great effort is going to be put into that to expedite it. I don't know the timeframe that the 134,000 will be reached.

Chairman LEVIN. I guess this would be for you, Director, or either one actually could answer this. Is it the IC's assessment that the Afghan Taliban council, or Shura, operates openly in Quetta, Pakistan, without interference from the government? If so, why has the government or population so far failed to take action to eliminate the activities and the safe haven enjoyed by that Quetta Shura?

Director, let me start with you. I think either one of you might want to comment on that.

Director BLAIR. It's true that the Taliban governing bodies operate quite freely in Pakistan. The Pakistan approach to handling that threat is a combination of lack of capability, their overall approach in which they believe that there needs to be compromise and cooperation with some groups in that area, and their assessment of the threat of that group to Pakistan as opposed to Afghanistan.

Chairman LEVIN. General, do you have any answer to the question, why Pakistan has not taken action against a terrorist group that's operating openly in Quetta?

General MAPLES. Sir, the Quetta Shura is operating openly in Quetta. I believe it is more in relation to the effect on the Pakistani population, in particular the Pashtun population in Pakistan, that causes the Pakistani government to move at a slower pace, and they have not taken action against that Quetta Shura.

Chairman LEVIN. Thank you.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I thank the witnesses. Director Blair, on March 9, a Washington Post report says that the United States probably will not pull any more forces from Iraq this year beyond those announced over the weekend, the number two U.S. general in Iraq said Monday. About 12,000 U.S. soldiers will leave Iraq by September. "What we have right now is what we plan on having for the foreseeable future," General Austin said.

Is that accurate?

Director BLAIR. I don't have additional information on that, Senator.

Senator MCCAIN. Surely you were consulted as to whether that's a fact or not?

Director BLAIR. The announcement of, the President's announcement set a level of 10 to 12 brigades that were remaining, and I have not been in discussions on whether that will be 10 or 12 and just what the drawdown plans are in the future. I'm sure that the Department of Defense (DOD) has——

Senator MCCAIN. Well, please get briefed up and tell us. It's kind of an important item as to what our troop levels will be for the rest of this year. I don't think it's a minor item.

Director BLAIR. No, sir. It's a very important item.

It's just not in my area of responsibility. It's the Secretary of Defense——

Senator MCCAIN. You are the DNI.

Director BLAIR. I am.

Senator MCCAIN. So you would be informed as to our troop levels in Iraq and our plans for troop levels in Iraq?

Director BLAIR. I'm asked to assess the effects of different troop levels on the level of security in Iraq.

Senator MCCAIN. Director Blair, please get back to me, would you please, on that issue?

Director BLAIR. Yes, sir.

Senator MCCAIN. I'd be very interested. I think most Americans are interested in troop levels in Iraq as well.

[The information referred to follows:]

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Senator MCCAIN. Last month Iran successfully launched its first satellite into orbit and President Ahmadinejad proclaimed in a televised speech "The official presence of the Islamic Republic was registered in space." Last Sunday, Iran tested a precision air-to-surface missile with a 70-mile range. Does that lead one to the conclusion that it's very likely that Iran will be developing a nuclear weapon to go along with the development of delivery vehicles?

Director BLAIR. I don't think those missile developments, Senator McCain, prejudice the nuclear weapons decision one way or the other. I believe those are separate decisions. The same missiles can launch vehicles into space, they can launch warheads, either conventional or nuclear, onto land targets, and Iran is pursuing those for those multiple purposes. Whether they develop a nuclear weapon which could then be put in that warhead I believe is a separate decision which Iran has not made yet.

Senator MCCAIN. General Maples, do you have an opinion on that?

General MAPLES. Sir, I would agree that the development of the nuclear weapon tied to the missile launch and testing are not necessarily related. I would say, though, that the Safir launch does advance their knowledge and their ability to develop an ICBM. The second test that you mentioned most likely, that was in the press, most likely an air-to-ship missile that was being tested.

Senator MCCAIN. General Maples, do you believe that it is Iran's intention to develop nuclear weapons?

General MAPLES. I believe they are holding open that option, sir. I don't believe they've yet made that decision.

Senator MCCAIN. You don't believe that they have made the decision as to whether to develop nuclear weapons or not?

General MAPLES. No, sir.

Senator MCCAIN. Could I turn to Pakistan—Afghanistan with you for a moment. Maybe you can clear up a little confusion. What's the difference between and the commonality between Taliban activity and al Qaeda activity in Afghanistan?

General MAPLES. Sir, there is al Qaeda activity in Afghanistan. Generally al Qaeda from a central standpoint has recruits that come into their training camps in Pakistan. Often they will introduce al Qaeda individuals to provide supportive activity in Afghanistan, but not directly linked to al Qaeda activity.

There is a direct link between al Qaeda, the Quetta Shura, the Haqqani, and the Miramshah Shura in particular with al Qaeda in Pakistan. So there is an exchange of information, of training, of expertise, and a sharing of capabilities in producing trained individuals that later conduct attacks in Afghanistan.

Senator MCCAIN. So are they working more closely together?

General MAPLES. Sir, I believe they are working closely together and I believe al Qaeda's presence in Afghanistan is more significant, although still at a relatively minor scale, than we have seen in the past.

Senator MCCAIN. What kind of activity are you seeing on the part of the Iranians in Afghanistan?

General MAPLES. Sir, the Iranians' primary activity is in the western part of Afghanistan. There's a great deal of economic investment that is pretty open in the western part, around Herat and elsewhere in Afghanistan. We have seen shipments of munitions that have been intercepted coming from Iran into Afghanistan that have contained small arms, some explosive devices coming in. However, that has been very limited in nature. I believe that Iran is keeping open their options in Afghanistan. They don't want to see a Taliban-dominated Afghanistan, but they do want to have a presence and ensure that their interests are represented.

We are seeing some increased activity between Iran and the Haqqani network that we have not seen in the past. So they're there, they're present, and they're trying to influence the future.

Senator MCCAIN. Director Blair, is it a true statement to say that in Afghanistan, since we are not winning, the nature of warfare and counterinsurgency and counterterrorism is that we are losing?

Director BLAIR. I think it's important to look at the degree of government control over the various parts of the country as a really

key indicator towards that question, and the amount of government control has been decreasing over the past year, so it's a bad trend.

Senator MCCAIN. So we really do not have control over the southern part of the country of Afghanistan?

Director BLAIR. The reason for the deployment of the two brigades that the President announced a short time ago was in order to precisely stabilize that part of the country where the trends were the most negative and the stakes were the highest, with an eye towards the elections that are going to be taking place in August. So the trends were negative and the deployment was designed to stabilize the situation.

Senator MCCAIN. You and the administration are in the process of developing an overall strategy for Afghanistan?

Director BLAIR. For Afghanistan and Pakistan, yes, sir.

Senator MCCAIN. I know it's a difficult process you're going through. Do you have any idea as to when we would probably get an indication what that strategy is?

Director BLAIR. I can only say, Senator McCain, that the President is more impatient than you are.

Senator MCCAIN. I just would like to say that I believe that a minimalist approach may be the most attractive one. I also think it may be the most dangerous one. I think we proved in Iraq that not only do you need a change in strategy, but you need a robust military capability to first secure areas before you make progress in the other aspects of counterinsurgency.

I hope that we will not view this as simply an exercise in counterterrorism, because it is a counterinsurgency. Many argue that it's the most difficult situation we've ever faced. I don't think it's as difficult as we faced in Iraq at its worst point before the surge. The government was on the verge of collapse. The casualties were incredibly higher than they are today. So I think that it would be a mistake to take a minimalist approach without a strategy designed along the lines of those strategies that have succeeded in other parts of the world, and we should pay attention to those that have succeeded and not repeat the mistakes of those that failed.

I certainly look forward to working with you and to developing a strategy that will succeed. But I think also the American people need to be told that this is going to be a very difficult process, at least in the short term, and we should be prepared for a very difficult time, at least for a period of time in the near future.

Do you have any response to that, Director?

Director BLAIR. I couldn't have outlined it better myself, Senator. I think what we're involved with now is trying to think through not just the initial phase, but, as the President clearly said, the brigade deployments were an interim stabilizing action pending the development of the long-term strategy, and that long-term strategy has to look all the way out to an extended period of time in order to achieve success and victory. That kind of thinking is going on now, and I think you captured many of the important elements of it, sir.

Senator MCCAIN. Thank you very much, Director.

Again, General, thank you for your outstanding service to the country. We're very proud of you.

General MAPLES. Thank you, sir.

Chairman LEVIN. Thank you, Senator McCain.

Senator Lieberman.

Senator LIEBERMAN. Thanks, Mr. Chairman.

Welcome, Director Blair. Thanks, General Maples. You've been really a straight shooter all the way for us and we value your service and really respect your credibility a great deal.

Director Blair, at the beginning of your testimony here today you said something that I think a lot of people will find surprising, but I think we all ought to take it seriously: "The primary near-term security concern of the United States is the global economic crisis and its geopolitical implications."

A little further down you say: "Of course, all of us recall the dramatic political consequences wrought by the economic turmoil of the 1920s and 1930s in Europe, the instability and high levels of violent extremism."

Down a little bit further you say: "Europe and the former Soviet Union have experienced the bulk of the anti-state demonstrations." I would add, so far.

Those are serious words and we ought to take them seriously. I wanted to ask you if you would go from them to what some of your specific concerns are. In other words, are there particular regions of the world, for instance some of the newly independent nations of the former Soviet Union, where you fear that the global economic recession could cause instability, perhaps violent extremism, or in that case a reassertion of Russian dominance over some of those countries?

Director BLAIR. Senator, I think there are at least three important categories of effects of this global recession that will become more dire if it continues. The first are those countries that are just holding on, barely providing economic goods to their people, and they're quite vulnerable to economic uncertainties undermining the thin progress they have made recently, with all of the bad consequences that can come out of that.

Senator LIEBERMAN. Give us a couple of examples of that?

Director BLAIR. I'd rather save it for closed session, Senator, if I could.

Senator LIEBERMAN. Are they centered in one part of the world?

Director BLAIR. They're generally in that arc from the eastern Mediterranean across to Southeast Asia, in that area.

The second category I think are the ones that you referred to in your question, are the countries which have fairly recently emerged from authoritarian governments. The former Warsaw Pact now have uneven levels of government in commitment to representative government, and they're under heavy strain from the Baltics all the way down to the Black Sea. As mentioned in testimony and as you've seen, there have been riots there. Governments have actually fallen in the Baltics. Countries with IMF loans like Ukraine are scrambling to maintain the conditions that gave them those.

With the fairly recent democracies in those, one is worried about the fallout in terms of political gains and extremist groups who promise simple solutions of the type we've seen in the past.

Senator LIEBERMAN. From an intelligence perspective, based particularly on what I would at least call some of the economic aggressiveness or even bullying of the Russian government, do we have

concerns that this economic vulnerability in some of the newly independent nations of Central and Eastern Europe might provide a further opportunity for the Russian Government to extend its influence, this time economically?

Director BLAIR. Absolutely. It's quite clear that the Russians have used oil and gas deliveries in the past for that purpose. It's quite clear that they believe that they would like greater control of what they call "the Near Abroad."

Senator LIEBERMAN. Right.

Director BLAIR. This is an opportunity. So yes, sir, that's definitely a concern there.

Then the third category are our traditional strong partners around the world who are under strain. None of us have any fear that there will be catastrophic consequences in those countries. Democracies change governments and we've seen that in places like Iceland most recently. But the economic times make it difficult in countries from Japan to the U.K. to expend resources on overseas development aid. We saw that when the European nations met just 10 days ago, that they were reluctant to help the Eastern European and Central European countries right away. They held back there. Japan is somewhat constrained in what it can do.

So in both economic assistance and certainly in helping with deployed military power, we're soon going to be testing that in the NATO summit concerning Afghanistan. When your budget is under pressure, it makes it even more difficult to pony up to deployable supportable forces overseas.

So I'd say those three categories are what we're looking at. But what concerns us is we're not sure if the feet have touched the bottom of the swimming pool yet.

Senator LIEBERMAN. Correct.

Director BLAIR. That makes it a more difficult pattern.

Senator LIEBERMAN. I agree. I appreciate the answer. I share your concerns. I think from a geopolitical, geostrategic point of view, unfortunately we may have to start thinking about threats to our security and to stability in different critical regions of the world which we may have to take action in as a result of the instability caused by the economic recession.

I'm going to leave that there. I'm going to go to a different kind of question, Director. There's been a lot of controversy about your selection of Ambassador Charles Freeman to be the Chairman of the National Intelligence Council. Seven of our colleagues on the Senate Select Intelligence Committee (SSCI) wrote yesterday expressing their concern. I'm concerned.

The concern is based, to state it briefly, on two points. One I think is a question about some previous business associations that the ambassador has had that may raise questions about his independence of analysis. The second are statements that he's made that appear either to be inclined to lean against Israel or too much in favor of China. In fact, I gather yesterday or in the last few days some of the leaders of the 1989 protests that led to the Chinese government's massacre at Tiananmen Square wrote President Obama to convey "our intense dismay at your selection of Mr. Freeman."

So I wanted to ask you for the public record this morning, were you aware of these comments and associations by Ambassador Freeman before you chose him for this position? The concern here is that it suggests that he's more an advocate than an analyst, which is what we want in that position. Second, what are you doing about the concerns that have been expressed by people about the selection?

Director BLAIR. Let me just make a couple of points about my selection of Ambassador Freeman. First, as far as the effects of business associations and the ethics rules, Ambassador Freeman is going through the vetting that is done with anybody joining the executive branch in terms of financial and past associations. In addition, because of a letter from some Members of Congress, the Inspector General is taking a closer look at those associations than is normally done with a Federal employee. So that's one piece of it.

As far as the statements of Ambassador Freeman that have appeared in the press, I would say that those have all been out of context and I urge everyone to look at the full context of what he was saying.

Two other things, though. A mutual friend said about Ambassador Freeman, who I've known for a number of years: There is no one whose intellect I respect more and with whom I agree less than Ambassador Freeman. Those of us who know him find him to be a person of strong views, of an inventive mind from the analytical point of view. I'm not talking about policy. When we go back and forth with him, a better understanding comes out of those interactions, and that's primarily the value that I think he will bring.

On the effect that he might have on policy, I think that some misunderstand the role of the development of analysis which supports policy. Number one, neither I nor anyone who works for me makes policy. Our job is to inform it. We've found over time that the best way to inform policy is to have strong views held within the IC and then out of those we come out with the best ideas. Ambassador Freeman, with his long experience, his inventive mind, will add to that strongly.

So that is the view that I had when I asked him to serve and that's how I feel about it.

Senator LIEBERMAN. I appreciate your answer. My time is up, but I will say this. Obviously, the IC is not a policymaker; you're analysts and providers of intelligence information.

The concern about Ambassador Freeman is that he has such strong policy views, and those are not only his right, but his responsibility to express, that this position may not be the best for him because he will have to separate his policy views from the analysis.

I just want to say to you, I don't have a particular course to recommend, but having been around Congress for a while my own sense is that this controversy is not going to go away until you or Ambassador Freeman find a way to resolve it. I'll go back and look at the statements that are on the record. I've read some at length and they are very decisive even in the context. So whether I disagree or agree with him, he's very opinionated, and it's a question of whether—I suppose in the end—and my time is up; I have to

end—that this puts a greater burden on you to filter out opinions from analysis to make sure that you're giving the President and the other leaders of our country unfiltered intelligence information, not biased by previous policy points of view.

Director BLAIR. Yes, sir; I think I can do a better job if I'm getting strong analytical viewpoints to sort out and pass on to you and to the President than if I'm getting pre-cooked pablum judgments that don't really challenge.

Senator LIEBERMAN. Okay. I guess I would say, to be continued. Thank you.

Chairman LEVIN. Thank you very much, Senator Lieberman.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Let me first make the comment about General Maples. Of course, I've felt closer to you than an awful lot of the rest of them because of your service at Fort Sill, and you are still talked about at Fort Sill and as soon as you retire you'll become a legend. I suppose that happens. But it's been great working with you and I appreciate all that you have done.

My questions are going to be around the continent of Africa. But before doing that, let me just ask you, probably you, Director Blair. I have often felt for quite some time that our assessment of North Korea has not been quite as strong as I think it should be. I recall back from this meeting right here, from this committee, in August, it was August 24, 1998, we were talking about what their capability was in terms of their nuclear capability and their delivery systems.

At that time I asked the question, or we asked the question as a committee, of the administration at that time, how long it would be before North Korea had a multi-stage capability. The answer was at that time—I think it might have been a NIE or it may have just been a letter from the administration—somewhere between 8 and 10 years. Seven days later on August 31, 1998, they fired one.

Do you think that our assessment of their capability and their threat is accurate today?

Director BLAIR. Senator Inhofe, I think we've learned since those days—and I was in an Active-Duty role having to do with the Pacific at that time, so I'm familiar with the issues you raise. I think that we have learned that North Korea is willing to field and deploy with less testing than almost any other country in the world would think is required. So I think that our estimates at that time probably gave the Koreans—or thought that the Koreans would go through more of these steps required to verify the weapons than in fact has proved the case. So our timelines are much shorter now.

Senator INHOFE. I was one who had very strong feelings about AFRICOM. To me, as significant as the continent is, it didn't make any sense to have it in three different commands. I think it's working quite well. General Wald did a great job, and General Ward now is doing a tremendous job.

But things are happening there that we don't talk about as much as we do as some of the other areas of threat. I have been concerned about it for some time, and I wonder if you feel that adequate resources are—first of all, it seems to me it would make a lot more sense if we had had the command actually located in Afri-

ca somewhere. I know the problems that are out there right now. Most of the presidents would say, yes, we would prefer that; we can't sell that to our people, though.

Do you think that they have adequate resources now to take care of the real serious problems in terms of transportation and other resources in that command?

Director BLAIR. Senator, I am pretty familiar with the establishment of AFRICOM and the desire to make it an integrated, not only militarily, but also military-diplomatic construct. I think the problem was that the Africans, with their history of colonialism and so on, did not see it the same way and frankly to this day do not see AFRICOM, which I think was very smart for all the reasons that you state—many African countries are looking for a hidden agenda there in terms of growing American military power. I think that is the biggest problem that we have.

We started out behind the eight ball as we did. We have to sort of win it back an engagement at a time.

Senator INHOFE. Don't you think the successes in the Economic Community of West African States are somewhat indicative that parts of certainly West Africa are coming around? My experience is when you talk to the presidents of any of these countries they all agree that it would have been better that way, but, as you point out, the threat of colonialism and all that was an obstacle.

Now, getting to some specific areas, you mentioned in your written statement about Zimbabwe, Mugabe, and some of the problems that are down there. When you go there and you remember that Zimbabwe was the breadbasket of sub-Saharan Africa for so many years, and how this guy has just brought it down to nothing—do you feel that, because of the economic problems and the political problems that are there—and everybody recognizes it. I talked to President Kikwete of Tanzania back when he was the head of the African Union. They all understand that that's a problem.

But it seems like there is a fear there to get in there and correct the problem. Part of that is the relationship, I guess, with South Africa that Zimbabwe has. What obstacles do you think we can overcome, will be trying to overcome? My feeling is that in Zimbabwe, as bad as their condition is right now, that that's a magnet for terrorist activity. What is your thought?

Director BLAIR. Senator, I think the larger magnet right now is Somalia rather than Zimbabwe. In Somalia, the governance and law and order problems are even worse than they are in Zimbabwe. There's also terrorist activity up in the Maghreb with al Qaeda in Maghreb group. So it's really those two areas that we're more worried about from a terrorist point of view than we are——

Senator INHOFE. I'm really thinking about in the future, though. I know right now that that's not the problem. I know Somalia is a problem.

Let's move to Somalia, then. In your statement you talk a little bit about Ethiopia and the fact that they've withdrawn. As I recall, when they first went down there and they were on our side, very helpful at that time and joining forces with us, that it was really there for a limited period of time. They had limited capabilities and they said that, we're going to go down, we're going to help, but we

won't be able to stay for a long period of time. Now, maybe my memory doesn't serve me correctly, but that's what I recall.

The reason I bring this up is that there is a movement in both the House and the Senate that is somewhat punitive in nature in terms of Ethiopia, Prime Minister Meles, and others. Most of it's around social programs. Would you evaluate just the willingness of the Ethiopians to help us? Do you consider them to be a real ally?

Director BLAIR. I think in their action in Somalia, Senator, the important thing was that the Somalis didn't consider it, or a large portion of Somalis, didn't consider it to be helpful. They attacked the Ethiopians, including some Somali Americans who went back and became suicide bombers against Ethiopia. So whatever Ethiopia's own mixture of motives in actually making that intervention, it was not supported by important groups within Somalia.

Senator INHOFE. A lot of that was because of Eritrea and their problems, too.

One last thing I'd like to observe in Africa is the problem of China. As you go through Africa and particularly in the oil states, Nigeria and the rest of them, anything that is new and shiny was given to them by China everywhere you go there. I know a lot of that is their quest for energy, for oil, and they've made their deals. But also, China has not been our friend in Somalia, or in Sudan and some of the other areas. I would just hope that our IC could be watching very carefully the activities of China on the continent of Africa.

Director BLAIR. Yes, sir. We are doing so and we will continue to do so.

Senator INHOFE. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator Bayh.

Senator BAYH. Thank you, Chairman Levin.

Thank you, gentlemen, for your service to our country.

Director, I was struck by your opening comments. I've been on this committee, been privileged to be here for many years, and I served on SSCI even longer, and I quite frankly can't recall a presentation from someone in your position that began with words like "trade," "GDP growth," or "IMF reports." Then after a discussion of the global economic situation, you used the phrase "turning to terrorism."

I think that showed very clearly how economic and financial matters are inextricably related to national security matters. The same could be said for our energy dependency, our growing fiscal dependency and growing debt to other countries. I hope this is not just a manifestation of the current economic crisis we face, but represents an integration of our thinking about all aspects of national security. So I commend you for that perspective and hope you will continue to share with us on this committee when you're before us. I thought it was rather striking.

You've been asked about North Korea a couple of times. The reports about the upcoming launch that they say is ostensibly for satellite delivery, there have also been indications that that may tell us something about their capability of reaching Alaska, for example, with a missile. What do you expect?

Director BLAIR. If it is a space launch vehicle that North Korea launches, the technology is indistinguishable from an ICBM. If a three-stage space launch vehicle works, then that could reach not only Alaska and Hawaii, but also part of the west coast of the United States, what the Hawaiians call the mainland and what the Alaskans call the Lower 48.

Senator BAYH. Are you expecting that that's what they'll test?

Director BLAIR. I tend to believe that the North Koreans announced that they were going to do a space launch and I believe that that's what they intend. I could be wrong, but that would be my estimate.

Senator BAYH. It could affect the priority we place on missile defenses against such a threat.

I'd like to ask you about Iran, something that Senator Lieberman and I have focused on together, and that is, as you well described, the clock is ticking with regard to their nuclear capabilities. When you look back at the past history of these things, whether it's India or Pakistan or other situations, you have to say that perhaps the clock will chime sooner rather than later.

One of the few leverage points we have on them is their vulnerability to imports into Iran of refined petroleum products. I would appreciate your assessment about that vulnerability and if we had a serious and sustained effort to try and impact that, what, if any, impact that could have on their decisionmaking?

Director BLAIR. Senator Bayh, beyond the sort of general discussion of a mixture of pressures and attention to Iran, I'd rather wait for a closed session if we could talk about individual things, sir.

Senator BAYH. Okay. The reason for my asking—that's fine, Director. The reason for my asking is that time may be of the essence here and so we need to think about what matters might actually impact their calculus, and this seems to be one of the ones at our disposal and something we perhaps should get serious about sooner rather than later.

Director BLAIR. Yes, sir. I agree, it's one of them I'd just rather discuss in a closed session.

Senator BAYH. That's fine.

Also focused on Iran, Senator McCain mentioned the recent test, I think it was the 70-mile missile. What is the status, if you can tell us—perhaps this has to wait for the closed session as well. But there have been published reports about Russia's intention to deliver even more advanced systems, General, than the one you mentioned that they have deployed around Tehran. Can you give us any update on the Russians, they signed the contract, but they haven't delivered them. Can you give us any update? Obviously, if they were to receive even more advanced air defense systems that would complicate the situation and might give us some insight into the willingness of the Russians to truly cooperate with us in trying to resolve this effort.

General MAPLES. Sir, I can give you a specific in the closed session where we think they are. But we believe that Iran still desires to obtain the SA–20s.

Senator BAYH. Let me ask you about this. Maybe you can answer this in open session. If they were to deliver such a weapons system, would that give either of you any insight into how cooperative the

Russians are really willing to be with us in trying to contain this threat?

General MAPLES. Yes, sir, I believe it would.

Senator BAYH. That insight would be that perhaps they are not as willing to be as cooperative as some might like to think?

Director BLAIR. I would tend to say, Senator, that it's going to be a bargain and that's one of the chips, and it's hard to say which chip will be more powerful than the other.

General MAPLES. I think also that, with respect to Russia and their defense industry, Russia is spending an awful lot of time trying to market their products around the world in order to keep their production lines open. That's a very important factor to Russia right now.

Senator BAYH. They do have commercial interests there.

With regard to Pakistan, Director—thank you, General. Back to you. Can you give us—is it still your assessment that the most likely threat to our Homeland would emanate from the FATAs there in Pakistan? We'd heard that previously from your predecessor?

Director BLAIR. I would say that the planning for such a mission would most likely emanate from al Qaeda, the leadership of which is there. Which foot soldiers they would use to actually make the delivery I think might widen the area.

Senator BAYH. But the central nervous system for the planning would emanate from that place?

Director BLAIR. Yes, sir.

Senator BAYH. Or perhaps Quetta, which we previously discussed.

Well, with that in mind and with the current political turmoil in Pakistan being all too apparent, how would you assess their capabilities for actually exerting some control in those areas? Are their capabilities improving? Are they static? Are they declining because of the political instability? How would you assess that?

Director BLAIR. Let me start. General Maples has also been studying it closely.

You see in the Pakistani approach to these different areas along their northwest and southern border different approaches. Sometimes it's troops going in to pacify areas. Other times it's deals being cut, as was true recently in the Swat Valley. Other times it's neglect which they hope is benign.

I think that when I talked with the Pakistani leadership they are not satisfied with the capability of their armed forces to conduct those sorts of operations. But I do sense that they feel that it would be some combination of military, economic, and bargaining that would achieve their goals towards the area. So I don't see a big change in fundamental approach when I talk to them.

General MAPLES. I believe that there is a change in view, particularly among the senior military leadership, of the importance of military engagement in that region, in the FATA and in the Northwest Provinces. I think we have seen an increase in capability somewhat in terms of the capabilities of the Frontier Corps.

Most of Pakistan's military capabilities, though, remain conventional. They are just starting on the path of developing counterinsurgency kinds of forces and it's going to be quite some time before those forces are developed and able to make a difference in the

area. But I do think that there is a will, and I think there is a desire, to do the best they can with what they have.

Senator BAYH. Let me ask you this, and I'll try and word it in a way that perhaps you can be able to answer it, because there have been numerous published reports about this. But there seems to be some divergence in opinion between their leadership and ours about direct action against al Qaeda elements in the FATAs. They seem to think that if those kind of activities take place it destabilizes the situation more than it helps, and if those activities take place, some others think that it's what we need to do to try and disrupt them operationally.

Do you have an assessment about these published reports?

Director BLAIR. I think they draw distinctions between groups and there are some that they believe have to be hit and that we should cooperate on hitting, and there are others that they think don't constitute as much of a threat to them and that they think are best left alone. So when you discuss it with them, Senator Bayh, it's really almost tribe by tribe, warlord by warlord.

Senator BAYH. Thank you again, gentlemen.

Chairman LEVIN. Thank you, Senator Bayh.

Senator Sessions.

Senator SESSIONS. Thank you, Mr. Chairman.

Just to follow up on that, Director Blair, that's probably the way—whether we agree or not with Pakistan's specific recommendations, tribe by tribe, area by area, is probably the only way we can deal in that tribal area that's never been controlled by a central government before. Isn't that right?

Director BLAIR. No one I've talked to has come up with a grand strategy for that area that seems to me to be very realistic, yes, sir.

Senator SESSIONS. Secretary Gates here expressed a real commitment to making sure that we have an Afghan face on the difficulties in Afghanistan. Of course, when we add 15,000 troops I think that makes that a bit more difficult. What plans do we have to utilize our forces effectively or to bring along more rapidly the Afghan military and eventually to extract ourselves from that effort? Can you give me any thoughts on where you see we're heading in that direction?

Our ultimate goal, I think, is for a decent government to be in place, that stands on its own, and that presents no threat to the United States.

Director BLAIR. Senator, I think you express the objectives that we all share quite clearly. From the American point of view, of course, that kind of an Afghanistan would be an Afghanistan that's not a haven for al Qaeda and other groups who use it to come against the United States the way they did in 2001.

I think the difficulties that the current review is wrestling with are how do you do that and what sort of resources and periods of time are needed to do that, although it is the responsibility of Afghanistan, they themselves say, and we feel that they need some help in order to get there. I think one thing that's important is that the intelligence capabilities to support that help are also pretty important. I know those of you who have visited the region know that the commanders say that the intelligence support provided in Iraq

has been an absolute key to being able to make the sort of very precise, almost person by person kinds of operations that have been the key to success in separating a relatively small group of these violent extremists from the bulk of the population.

If we are to be able to provide that sort of intelligence to support not only military operations, but also how do you support the political and the social programs that are going to be necessary to root out corruption, to get basic services to Afghanis, which will provide support for the government which is essential to reaching that goal? That's going to be pretty detailed, pretty intense intelligence support.

Senator SESSIONS. Are you suggesting that you believe we could do better in intelligence in Afghanistan—obviously, I'm sure we could anywhere—and that you need additional resources and any other structural changes to do a better job of obtaining intelligence?

Director BLAIR. I think we have to increase our intelligence effort on Afghanistan, yes, sir. Some of that may involve a shift of resources from elsewhere. Some of it may require additional resources. I think it's essential to——

Senator SESSIONS. On a cost effective basis, your analysis would be, and I think most commanders would believe, that good intelligence can reduce the need for manpower?

Director BLAIR. Yes, sir. If you have to catch them first and sort them out later, it's a lot more expensive than sorting them out first and catching only the ones you need to.

Senator SESSIONS. General Maples?

General MAPLES. Senator, on the defense intelligence side we're already accelerating additional intelligence personnel into the theater to provide analytic support to General McKiernan on the ground and establish a greater analytic presence, particularly in Kandahar in the southern part of the country. The ISR task force the Department has had in place is already moving on providing additional ISR capability to the theater to support General McKiernan as well. We have a very extensive dialogue going on on the structure, the intelligence structure that we're going to have in place with the additional forces that are going into Afghanistan.

It's critically important for us that we have that intelligence because we're into intelligence-driven operations.

Senator SESSIONS. Would you express the tension that I think tends to exist between increasing troop levels and increasing the Iraqi face on the situation—an Afghan face?

General MAPLES. Senator, there is a tension there simply by a larger presence of U.S. forces. But the intent to have a larger Afghan face is absolutely what we need to do and where we should be going. U.S. forces, as we have done elsewhere, can improve the security situation, just as the latest arrivals into country in the areas to the west and southwest of Kabul are already making a difference in terms of the security of that region. Of course, that's a great line of communications and movement into the Kabul area.

So if we can help in that regard and then free up ANA forces in order to do other things in the country and put them in the lead, it will help lead to success, I think.

Senator SESSIONS. I once did a calculation on the cost of an Iraqi troop versus an American soldier and it was about 20 to 1. You

could field about 20 Iraqi soldiers for the cost of one American soldier in Iraq. I think we learned in al-Anbar that local people, motivated and supported, can have more effect than the American military in many instances.

General MAPLES. To the point of your question to the Director, a part of what we have to do—and it is part of the planning process right now—is to increase the number of trainers that we have in country who are dedicated to increasing the capabilities of the Afghan National Army.

Senator SESSIONS. I thank you for that.

Director Blair, you indicated that the support in the Muslim world for terrorism appears to be declining, more hostility to that. Are there things that we can do to evidence a respect for the people in the Muslim world and that could help accelerate that? I don't think we have an ability to direct them in any way, but are there actions that we could take that could help eliminate or reduce the support for terrorism?

Director BLAIR. Yes, sir, there are actions we could take. Partly it has to do with showing respect to the religion itself and distinguishing between the religion and those who misuse it. We have to keep in mind that this is something that Islam has to figure out for itself, and you don't sit there on the outside and try to manipulate it, not only because you can't, but also because that very action would probably be counterproductive in terms of the resentment of those looking at it.

So on the overall scale that's important. When we look at polling data and we talk to people, another factor is the Israeli-Palestinian confrontation, which gives support to those who take the more radical view, the insurgent view, versus the peaceful view in that context.

So that's sort of at the overall international level.

Also at the local level, it's extremely important, of course, that by a combination of intelligence and basic training and cultural awareness that we act in the right way on the local level in order to help the people who are trying to live normal lives and make sure that it's clear that we're only going against those who are trying to disrupt that.

Senator SESSIONS. Hundreds of millions of Muslims go to the mosque and are faithful, loyal, decent citizens in their country, obey the law, don't participate in terrorism, and we all ought to always remember that.

Briefly, General Maples, very briefly, the status of the elections in Afghanistan, how serious of a dispute is that, whether they should be held or delayed some?

General MAPLES. Sir, I think most everybody has reached the conclusion that the election should be held in August of this year. The real question for us now is what happens to President Karzai when his term of office ends in May, in that period of time between when his constitutional term in office ends and the elections are held.

Senator SESSIONS. Thank you.

Chairman LEVIN. Thank you, Senator Sessions.

Senator Ben Nelson.

Senator BEN NELSON. Thank you, Mr. Chairman.

Thank you, gentlemen, for your service.

Senator Sessions was talking about the importance of intelligence, particularly as it relates to Afghanistan. I'm wondering, in Iraq when we were trying to determine how we were doing—we had people saying we're losing, people saying we're winning, looking at the same set of facts at the same point in time. Logically they couldn't both be right. To move beyond the discussion about winning and losing in Iraq, we went to benchmarks to be able to establish a metric as to how we were progressing, to what degree, or not progressing on certain things in Iraq. I think we moved to a better dialogue about what was happening and not happening.

I've suggested this before and I've written to the Secretaries of Defense and State suggesting that we establish benchmarks. But I wonder if actionable intelligence measuring our capabilities to see if we're increasing our capabilities or whether we're at a standstill in establishing actionable intelligence, I wonder if that wouldn't be the kind of a benchmark that would help us to know what we've achieved and what remains to be achieved.

I'll ask either of you to respond.

General MAPLES. Senator, let me just start on more of an operational level and the fulfillment of the intelligence requirements that were provided from the commander, because I think you're exactly right. As we look at the intelligence requirements from the commanders, we develop our collection strategies. But we have to have a process at the end of that that is an assessment of how well are we doing, are we actually meeting the need or are we just producing information, and are we producing the right kinds of information that are enabling our commanders to make the right kinds of decisions and our forces on the ground to take the right kinds of action.

So I think that process on the IC side is absolutely essential.

We recently had a National Intelligence Board, and I'll mention it for Director Blair, but I think he has already adopted the idea of intelligence metrics. That is, understanding what the objectives are we're trying to achieve and then using the systems that we have and our own assessments to do periodic assessments and see how well we are doing and where we are, and to provide the necessary updates to commanders and to policymakers as well. I think it's very important for us to do that.

Senator BEN NELSON. Director Blair?

Director BLAIR. Yes, sir. I think that the whole business of the role of intelligence and telling truth to power and all of that revolves around two processes within an administration. One is in the initial stages when the administration, like this one, is looking at policies to determine what it's going to do going forward, we have to lay out the situation on the ground so it's clearly understood what we're dealing with.

We're often asked if-then questions. If the United States does this, then what will happen? We use different tools to do that. One that we've used quite well recently was sort of a tabletop seminar of playing out some possible policy options by the United States with members, knowledgeable members of the IC playing the roles of both adversaries and friends, and to try to see how this all shakes out. So that's sort of the role we're in now.

Then once a policy is set, then I think the job of intelligence is to tell in a clear-eyed fashion to the policymakers, how is it doing, how is it working? We've talked about Iraq. Iraq was based on a set of intelligence assumptions about things going generally in a secure direction if things happened on the Iraqi side and on the coalition, the American side, and some possible dangers that might trip us up if they developed in a certain way.

So our responsibility is to look at that, and we have a formal process of reporting periodically were the judgments we made correct, are the things that we predicted to happen happening, or have things happened—and were supposed to be an early warning indicator and certainly a current warning indicator of whether things are working out as they were anticipated. I think that's the big role at the policy level.

Then of course down at the—once you put diplomats, troops, the Central Intelligence Agency agents, and aid workers into the field, then we need to provide the information that they need to get their job done. Your feedback on that one is pretty quick. You have a dissatisfied customer who's saying, I went out to this area, you told me this was going to happen, and something else happened.

Senator BEN NELSON. That would be the case with basic services. For example, if your objective is to establish basic services, you could measure to what extent that is accomplished and how much more you have to do. The same thing I think would perhaps be the case in taking over the southern region: how much of it have you taken over, the major population centers, or are there some that remain to be taken over?

Let me switch a little bit and go to cyber, because it's an ever-expanding asymmetric threat to the United States. In every aspect of our American life, and perhaps even in the world, cyber is critically important. Do we have the capabilities of deciding if something is an intrusion into our cyberspace here, whether it's a criminal act or an act of war?

Director BLAIR. We do not have the absolutely unerring capability to determine that. It often takes weeks and sometimes months of subsequent investigation. We call that process attribution, who did it. The attribution process, if you're lucky, can be quick. Most of the time it's very slow and painstaking, and even at the end of very long investigations you're not quite sure. So it's not a "we know who did it."

Senator BEN NELSON. Are we working to try to improve the speed with which we can establish that attribution?

Director BLAIR. Absolutely, yes, sir. I think as important as attribution is having defenses up fast. We need to be able to detect a type of attack coming in and be able instantly to spread that information across a broad number of networks, not just the military and intelligence networks that we use for our business, but wider government, the ones that you all use for your communications here in the Legislative Branch, and then critical infrastructure. That can only be done by some very fast automated systems.

Senator BEN NELSON. So it's better to be a defense against the intrusion than try to deal with it after the fact. But that obviously is a tall order.

Director BLAIR. Yes, sir, but we're working on it.

Senator BEN NELSON. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Nelson.

Senator Martinez.

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

General Maples, let me add my word of thanks for your service and wish you the very best in your future endeavors.

I want to shift to another area of the world, Latin America, which is close to the State of Florida and important to us in many respects. Director Blair, I wanted to ask if you would assess for us Venezuela's current situation given the international crisis, economic crisis, as well as the decline in oil revenues that we have seen to governments like Venezuela as a result of the declining oil prices.

Do you see that dramatic decline in oil revenues to the Venezuelan government as becoming a factor and impacting the politics or the policies internally and externally of Venezuela's government?

Director BLAIR. Yes, sir, externally it certainly affects it. We project that Venezuela will not be able to spread around its oil wealth abroad for the various projects that we all know about. Internally it's also having somewhat of an effect since these oil revenues are being used to prop up Chavez's populist approach. At least originally, it doesn't seem to make him any more modest about his goals of trying to become a ruler for longer than his constitution currently allows.

Senator MARTINEZ. Along those lines, do you see, as he retrenches in some of his international ambitions—what are his goals really in the region? He was a big purchaser of arms from Russia and others. Obviously—and perhaps, General Maples, you might want to comment on this. Has that curtailed the purchases of arms and his high ambitions, to include submarines, attack jet fighters, all kinds of things, including a facility to build AK–47s?

Anyway, where are we on all of those issues? Has any curtailment occurred?

General MAPLES. We're starting to see some decisions taken that would delay the purchase of some parts of that equation, and in particular you mentioned the submarines. The larger purchases, we are starting to see decisionmaking that would say they are going to delay that.

The earlier purchases for arms manufacturing, AK–47s, put the plant in place, 200,000 weapons that they were bringing in, the fighters that he was bringing in, we still believe they are on track, and we believe that he is getting some credits, in particular from his major supplier, from Russia.

Senator MARTINEZ. Now, those arms are obviously not just for internal consumption, but I know that they find their way into other venues. Particularly I know that the Venezuelan government seems to have been complicit for a long time, and made public last year, with the Revolutionary Armed Forces of Colombia (FARC). Do you see any lessening of Venezuela's cooperation in providing sanctuaries as well as Ecuador's participation in providing sanctuaries for the FARC, and how do you assess the FARC's current situation given the major setbacks that they suffered last year?

General MAPLES. Let me begin with your last point because I think the FARC has suffered some major setbacks. From a military standpoint, that's resulted in a great number of desertions, both of members of the FARC and leaders of the FARC. Nevertheless, they're continuing on in their narcotics effort, which is a part of what they do. But their activities are less than they have been in the past.

President Chavez is still supportive of the FARC, but less so than we saw a year ago. No real response in terms of Ecuador at this point, probably because there's less activity of the FARC crossing the borders to the south.

In terms of the weapons, we have not seen Venezuela supplying weapons. Don't know what the purpose of their purchase is, so they're making investments that we are watching because we don't know exactly what the intent is of President Chavez for the use of those.

Senator MARTINEZ. Now, the Venezuelan government I understand has been complicit in the cocaine flow through its territory both in the direction of West Africa, but also perhaps directly into Europe. Are you able to shed any light on this in terms of the Venezuelan government being complicit in drug trafficking?

General MAPLES. Sir, I don't have any information on that, on the drug trafficking.

Senator MARTINEZ. The same with you, Director Blair?

Director BLAIR. Yes.

Senator MARTINEZ. We know that Venezuela is pretty much Cuba's benefactor and as a result of their largesse through oil and other assistance provides Cuba with pretty much the ability to remain afloat in what is pretty much an economic basket case I think generally acknowledged. Any change in that relationship in addition to the fact that Cuba appears to have some 40,000 Cubans operating in Venezuela, many of them I've read reports are involved in providing personal protection to Mr. Chavez, as well as obviously providing training to local police? Obviously, Cuba's police is not a democratic police force, but it's more a force of repression.

Any light you can shed on those kinds of activities, both the reciprocal relationship, Venezuela's assistance to Cuba and Cuba's participation in Venezuela's increasingly autocratic government?

Director BLAIR. General Maples mentioned Venezuela pulling back its support a little bit because of the price of oil going the way it is. It seems that its cooperation with Cuba, both its supply of economic support to Cuba and the reciprocal flow of Cubans into Venezuela, is the last thing that would go. It considers it more important. So we have not seen the effects on that that we've seen on some of these other areas we've talked about.

Senator MARTINEZ. Focusing on Cuba, a week ago today there were some pretty dramatic changes to the Cuban hierarchy. In fact, for the last couple of years many have claimed that Raul Castro in fact wants to present a moderate image and would be a harbinger of significant change. Last week Carlos Lage, who by many has been viewed as the reformer within the system and many viewed as a potential successor to Raul, was not only relieved of his responsibilities, but in a Stalinist kind of action, he and Felipe Perez Roque, the former foreign minister, both signed letters of

confession admitting to their mistakes and resigning from all political posts. It's sort of reminiscent of Stalin in the late 1930s.

But anyway, can you shed any light on what the IC makes of these changes, as well as the perception of Raul Castro as a moderate when in fact over the last 2 years anecdotal reporting of increasing repression within Cuba and absolutely no change in any respect, with this new purge, which has included bringing into the government now more military and continuing an aging leadership that seems to be essentially closing ranks rather than filtering any new air into the room.

Director BLAIR. I think there are different explanations going back in personal relations and policy positions that the IC is debating about those personnel actions that you described. But a move toward political moderation is not one of the explanations that anybody thinks is a reason for it.

Senator MARTINEZ. Thank you. My time is up. Thank you very much.

Chairman LEVIN. Thank you very much, Senator Martinez.

Senator McCaskill.

Senator MCCASKILL. Thank you, Mr. Chairman.

To set the table for my questions, gentlemen, I assume that in this economic climate internationally the use of our resources in terms of our money flowing to these various nations that are so important to our national security becomes even more important. I assume that there wouldn't be any disagreement about that.

Director BLAIR. I'm sorry? Which kind of money flowing to these countries?

Senator MCCASKILL. Any kind of cash that we're giving to these countries directly from the American Government. I'm assuming that is a pretty strategic, important resource for us to be spreading around right now?

Director BLAIR. It's more important in hard times than it is in other times, yes, ma'am.

Senator MCCASKILL. Right. Relating to that, I know that we have given Pakistan over $12 billion and I would like to focus my questions on Lashkar-e-Taiba, the homegrown terrorist organization in Pakistan, and find out whatever we can find out in this forum, how confident you are of the cooperation of the Pakistani government with Lashkar-e-Taiba, if in fact they have been obstructionist in terms of our investigations, if you agree that Lashkar-e-Taiba is indicated in terms of involvement with not only Mumbai, but the cricket team deaths, obviously the subway killings in London, the international flights from Europe to the United States, the plots to blow those up, and your take on how we attack this issue of, while we are giving them billions of dollars, they're refusing to even provide basic cooperation in our investigations of this international terrorist organization, Lashkar-e-Taiba.

Director BLAIR. I think many of the details ought to be saved for a closed session, Senator McCaskill. But in general, I don't think the picture with Pakistan's cooperation is quite as bleak as you portrayed. In fact, the action after the Mumbai bombing in particular has been greater from Pakistan's point of view than many previous ones.

Leaders of Lashkar-e-Taiba were arrested and Pakistan has undertaken to prosecute them. It has asked for India to provide the evidence that could be used in such a prosecution. The United States is involved in trying to work with both sides in order to make that happen.

So I think that particular trend is positive. But it has a ways to go and it's not a simple progress.

Senator MCCASKILL. Let me ask about visa-free waivers as it relates to disaffected Pakistanis and their ability to travel, and whether or not there are any concerns about that. Also, if either one of you have any ability to share with us whether or not—I know there is a significantly influential American-Pakistani community. A lot of professionals and leaders in every community in this country are from Pakistan and wonderful, loyal, patriotic American citizens. To what extent have we utilized that resource in trying to identify any cells of disaffected Pakistanis that maybe, unfortunately, have more leeway to travel than someone, for example, that's Iranian?

Director BLAIR. I think we'll have to get back to you on that, Senator McCaskill. I do know that, in working with ethnic-American groups, whether they be Pakistani Americans or others, we get a great deal of cooperation on the very precise issues like the ones you mentioned. But I think on the particulars related to Pakistani-Americans and visa-free waivers we'll have to get back to you.

[The information referred to follows:]

UNCLASSIFIED

OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE
WASHINGTON, DC 20511

March 24, 2009

The Honorable Claire McCaskill
United States Senate
Washington, D.C. 20510

Dear Senator McCaskill:

(U) The Director of National Intelligence, Dennis C. Blair, appreciated the opportunity to testify before the Committee on Armed Services on March 10 on the worldwide threat assessment. He asked me to convey his continued appreciation to you and the Committee for your support of the Intelligence Community and our Armed Forces.

(U) During the hearing, you asked Director Blair about the Visa Waiver Program (VWP) as it relates to disaffected Pakistanis and their ability to travel to the United States. We have checked with our colleagues at the Department of Homeland Security (DHS) and have received an updated overview of the VWP dated March 16, 2009 (copy attached). There are currently 34 countries which have been deemed eligible for this program and the list does not include Pakistan.

(U) The Secure Travel and Counterterrorism Partnership Act of 2007 expresses the Sense of Congress that visa-free travel privileges to the United States should be extended "to nationals of foreign countries that are partners in the war on terrorism." This Act also amended the Immigration and Nationality Act to provide discretionary VWP expansion authorities to the Secretary of Homeland Security, in addition to providing responsibility to the Director of National Intelligence to provide notification to the Secretary of threats from countries participating in the VWP. Upon receiving such notification, the Secretary, in consultation with the Secretary of State, may suspend a country's participation in the VWP.

(U) We are advised by DHS that the visa refusal rate for Pakistan for Fiscal Year 2008 was 46.3%, which is 15 times the maximum rate allowed for VWP participation. As such, DHS expects that Pakistani citizens will continue to require visas in order to travel to the United States for the foreseeable future.

(U) If you require additional information on the VWP, we recommend you contact the DHS Office of Legislative Affairs at (202) 447-5890.

Sincerely,

Kathleen Turner

Kathleen Turner
Director of Legislative Affairs

Enclosure
cc: The Honorable Carl Levin
The Honorable John McCain

Overview of the Visa Waiver Program (VWP)

03/16/2009

Frequently Asked Questions

Q: What Is the Visa Waiver Program (VWP)?

A: The VWP enables citizens and nationals from 34 countries to travel to and enter the United States for business or visitor purposes for up to 90 days without obtaining a visa.

Q: What Laws Govern the VWP?

A: In 1986, the Immigration Reform and Control Act incorporated the Visa Waiver Pilot Program into the Immigration and Nationality Act. The program retained its pilot status until October 30, 2000, when the Visa Waiver Permanent Program Act made the pilot program permanent with some modifications. Section 217 of the Immigration and Nationality Act provides the legal authority for the VWP. Section 711 of the Implementing the Recommendations of the 9/11 Commission Act of 2007 (911 Act) authorizes the expansion of, and added provisions for, strengthening security of the VWP.

Q: How Does the VWP Work?

A: The VWP enables nationals from designated countries to apply for admission to the United States for 90 days or less as non-immigrant visitors for business or pleasure without first obtaining a nonimmigrant visa. If the following requirements are met, the Secretary of Homeland Security, in consultation with the Secretary of State, may designate a country as a participant in the program:

- The country offers reciprocal travel privileges to United States citizens;
- The country has certified that it has a program for issuing electronic passports (e-Passports) containing digital chips that store biographic and other data;
- The country will begin issuing e-Passports to its citizens not later than October 26, 2006.
- The Secretary of Homeland Security, in consultation with the Secretary of State, prepares a report evaluating the effect the country's designation would have on the United States' law enforcement and security interests; and
- The Secretary of Homeland Security, in consultation with the Secretary of State, determines that the country's designation for the program would not compromise United States law enforcement or national security interests, including interests in enforcing immigration laws.

Q: What Countries Are in the VWP?

A: The following countries are currently in the program:

Andorra, Austria, Australia, Belgium, Brunei, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, the Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom*.

In addition to these 27 countries, 8 countries recently deemed eligible for VWP were added, bringing the total number of VWP countries to 34: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Slovak Republic and South Korea. After May 15, 2003, citizens of Belgium must present a machine-readable passport in order to be granted admission under the VWP. This requirement also applies to citizens of Andorra, Brunei, Liechtenstein and Slovenia.

** United Kingdom Passports: Only United Kingdom passports notated with "British Citizens" and/or "with unrestricted right of abode in the United Kingdom" are eligible for VWP admission. Holders of passports indicating that the bearer is a British Subject, British Dependent Territories Citizen, British Overseas Citizen or British National (Overseas) do* ***not*** *qualify for VWP travel.*

The Secretary of Homeland Security, in consultation with the Secretary of State, may add countries to the program or remove them from the program at any time.

Q: Who Is Eligible to Use the VWP?

A: To qualify for the VWP, you must:

- Be a national of the VWP country that issued your passport;
- Have a passport lawfully issued to you by a VWP country that is valid for six months beyond your intended visit;
- Intend to enter the United States for 90 days or less for temporary business or pleasure;
- Have received approval for travel under the VWP via the Electronic System for Travel Authorization (ESTA)* prior to your travel to the United States;
- Be a national of the VWP country that issued your passport;
- Have been checked using an automated electronic database containing information about inadmissible aliens to the United States;
- Have a return trip ticket to any foreign destination other than a territory bordering on the United States or an adjacent island unless:

  1. You are a resident of an adjacent island,
  2. This requirement is waived by the Attorney General under regulations, or
  3. You are a visitor for business who arrives aboard a private aircraft that maintains a valid agreement guaranteeing to transport you out of the United States, if you are found to be inadmissible or deportable;

- Present to the U.S. Customs and Border Protection (CBP) Officer a completed and signed Form I-94W, Nonimmigrant Visa Waiver Arrival/Departure Form. (Visa Waiver Program Applicant Responsibilities)
- Not pose a safety threat to the United States;
- Not have failed to comply with the conditions of any previous admission under the Visa Waiver Program;
- If arriving by air or sea, you must arrive aboard a carrier that signed an agreement, "signatory carrier", guaranteeing to transport you out of the United States if you are found to be inadmissible or deportable;
- Convince the examining CBP Officer that you are clearly and beyond a doubt entitled to be admitted and that you are not inadmissible under section 212 of the Act. For reasons that would make you inadmissible, please see the Immigration and Nationality Act at INA § 212 (a);
- Waive any right to review or appeal a CBP Officer's decision as to your admissibility, other than on the basis of an application for asylum or an application for withholding of removal under the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; and
- Waive any right to challenge your removal, other than on the basis of an application for asylum or an application for withholding of removal under the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

* Information on ESTA may be found on the Travel page. (Travel)

Q: What Is the Advantage of Using the VWP?

A: The advantage of entering the United States under the VWP is that tourists and people wishing to conduct business in America can travel to the United States spontaneously without obtaining visas, unless they are otherwise inadmissible.

Q: What Are the Disadvantages of Using the VWP?

A: If you are admitted to the United States under the VWP, you may not change or extend your non-immigrant status. If your admission is denied, you have no right to administrative or judicial review, except as noted above. Likewise, if you are found to have violated the terms of your admission, you also forfeit the right to contest a removal order and to enter under the VWP ever again. Therefore, before using the VWP, you should carefully consider your options.

Q: When Must I Obtain a Nonimmigrant Visa Instead of Using the VWP?

A: You must obtain a nonimmigrant visa instead of using the VWP if you:

- If you intend to arrive in the United States aboard a non-signatory air or sea carrier, you must obtain a nonimmigrant visa prior to boarding the aircraft or vessel.
- If you were denied authorization to travel under the VWP via ESTA, you must obtain a nonimmigrant visa prior to your travel to the United States.
- Similarly, if you intend to visit the United States for more than 90 days, you must obtain a nonimmigrant visa before arriving in the United States.
- If you believe any grounds of inadmissibility at INA § 212(a) apply to you, you should apply for a nonimmigrant visa with Form OF-156 before traveling to the United States. You may obtain Form OF-156 from the American Embassy or consulate nearest your place of residence or at the State Department Web site. (U.S. Department of State) Although you may be inadmissible to the United States, you may qualify for a nonimmigrant visa and waiver, which will allow you to travel to the United States.

Q: How Can I Obtain Documents Needed To Use the VWP

A: You must contact the appropriate agency in your country of birth or nationality for information about obtaining a passport from that country.

Please see "*How Do I Get an Arrival Departure Document?*" for more information about Form I-94W, Nonimmigrant Visa Waiver Arrival/Departure Form.

Q: How Do I Enter the United States Using the VWP?

A: You must satisfy the eligibility requirements as listed above in the question, "Who is eligible to use the VWP?", which includes arriving on a signatory air carrier. A listing of participating VWP carriers is maintained at FP&F, Attn: Immigration Fines, 1300 Pennsylvania Avenue, Washington, DC 20229, and is available upon request.

The VWP permits arrivals from Mexico and Canada at land border ports-of-entry (POEs). The documentary requirements are the same, except there is no requirement for round-trip tickets and signatory carriers, as there are no carriers involved. You must satisfy the inspecting officer that you have funds to support yourself during your stay and to depart the United States.

If you enter at a land POE you must complete and sign the Form I-94W, Nonimmigrant Visa Waiver Arrival/Departure Form, usually issued in the secondary inspection station and pay the land border fee as prescribed in 8 Code of Federal Regulations (CFR) § 103.7(b)(1). You must also be admissible to the United States. For reasons that would make you inadmissible, please see the Immigration and Nationality Act at INA § 212(a).

Q: Can a VWP applicant for Admission Be Readmitted To the United States Following a Short Trip To an Adjacent Island, Canada, or Mexico?

A:
- Generally, VWP applicants admitted under the VWP may be readmitted to the United States after a departure to Canada or Mexico or adjacent islands for the balance of their original admission period. This is provided they are otherwise admissible and meet all the conditions of the VWP, with the exception of arrival on a signatory carrier, in which case the inspecting officers have the discretion to grant the applicants entirely new periods of admission.
- The VWP applicant is admissible and may be readmitted to the United States under the VWP after a departure to Canada or Mexico or adjacent islands provided the person:

  A. Can identify an authorized period of admission that has not expired,
  B. Plans to depart the United States no later than the expiration date of their period of admission,
  C. Presents valid, unexpired passports which reflect admission to the United States under the VWP, and
  D. Continues to meet all criteria set forth in 8 CFR 217 and section 217 of the Immigration and Nationality Act (Act), with the exception of arrival on a signatory carrier.

Q: What Islands Are Included Within the Meaning of *Adjacent Islands*?

A: The term "adjacent islands" is defined in section 101(b)(5) of the Act and for the purposes of the VWP includes

- Anguilla
- Antigua
- Aruba
- Bahamas
- Barbados
- Barbuda
- Bermuda
- Bonaire
- British Virgin Islands
- Cayman Islands
- Cuba
- Curacao
- Dominica
- Dominican Republic
- Grenada
- Guadeloupe
- Haiti
- Jamaica
- Marie-Galante
- Martinique
- Miquelon
- Montserrat
- Saba
- Saint-Barthelemy
- Saint Christopher
- Saint Eustatius
- Saint Kitts-Nevis
- Saint Lucia
- Saint Maarten
- Saint Martin
- Saint Pierre
- Saint Vincent
- Grenadines
- Trinidad
- Tobago
- Turks and Caicos Islands
- Other British, French and Netherlands territory or possessions bordering on the Caribbean Sea.

Q: Are Properly Documented Nationals from VWP Designated Countries Arriving on a Signatory Carrier Eligible to Transit to the United States?

A: Yes, provided they are admissible to the United States.

Q: What if a VWP Applicant is Found to be Inadmissible?

A: Generally, a VWP applicant found to be inadmissible by the inspecting officer is refused entry into the United States without further administrative hearing.

Q: Can Private Aircraft Participate in the VWP?

A: Private aircraft are eligible to participate in the VWP (the Secretary of Homeland Security must still publish regulations pertaining to the administration of the VWP's carrier provisions, including private aircraft provisions. The Secretary of Homeland Security must also revise carrier agreements in order to collect information necessary to identify any domestic corporation that wishes to participate in the program. Presently, the Secretary of Homeland Security is drafting regulations and revising carrier agreements.

Once published and subject to any regulatory restrictions, the following private aircraft will be eligible to apply for participation in the VWP:

1. Operators of aircraft conducting operations under part 135 of title 14, Code of Federal Regulations, and
2. Operators of non-commercial aircraft that are owned or operated by a domestic corporation conducting operations under part 91 of title 14, Code of Federal Regulation.

Q: Are there answers to other Frequently Asked Questions on the U.S. Department of State Website?

A: Yes, if you need more information regarding VWP, see the Travel, Visa Waiver Program Applicant Responsibilities, Immigration and Nationality Act, and the U.S. Department of State Web sites regarding non-immigrant visas.
(Travel)
(Visa Waiver Program Applicant Responsibilities)
(Immigration and Nationality Act)
(U.S. Department of State)

Senator MCCASKILL. Let me also ask you, where are we in terms of our challenges of our language ability in the IC and the ability of our resources to speak fluently and indigenously in terms of gathering the most valuable kind of intelligence that we can get?

General MAPLES. I can talk from my own perspective there, and I think it's true across the whole community. We have all been focused on recruiting individuals who have native, near-native language skills, cultural understanding, bringing them into the organizations. I know in my organization we have more than doubled the number of individuals that have the kinds of language and cultural skills that we're looking for, and they are being used right now both in our analytic arena to give us the cultural understanding that goes beyond knowledge, so that we really understand events as they're happening on the ground, and then forward in our human intelligence collection as well. Having those individuals who have the right background and have near-native language skills proves to make a huge difference for us in human intelligence-gathering.

Senator MCCASKILL. Is there anything else we can do to be helpful in that regard? As a former prosecutor, I know where we got the best information and it wasn't from tough interrogations. It was from our ability to infiltrate and integrate into certain criminal organizations people who could give us real-time information.

Obviously, in this area, when prevention is so important, I just want to make sure we're doing everything we can to give you everything you need to get that kind of capability that we have been so concerned about.

Director BLAIR. That's a very kind offer, Senator. But I think it's not a lack of resources or effort at this point. It's the difficulty of it. I was just, for instance, last week at a meeting of what's called the Heritage Council, which is the heads of many ethnic American groups—Iraqi Americans, Afghan Americans, Burmese Americans.

This is the third meeting with that group, and I'm told by both my people and the representatives in that group that it's taken almost that long to get the trust of the IC, for these leaders to realize that patriotic Burmese or Afghan Americans who went to serve their country and bring invaluable skills, it's okay, you are doing important work and you know all of the misperceptions and television-based rumors that are there.

So we are making progress in that area. But I'm not sure we could have speeded up that program with more money or more effort. It's a high focus and I think we're making good inroads.

Senator MCCASKILL. I think that the comment you made, Director Blair, about the recognition in our country that it's not the Muslim faith that's the problem, it's terrorists who inappropriately mask their terror in a religious connotation. So many of these leaders in America, wonderful—and it's not just the American Pakistani community I'm referring to. We have, as you say, so many Americans that still have family in Iraq and Iran, so many Americans who have family throughout this region.

I just think they have suffered greatly because they are profiled, they are looked at suspiciously when they travel as American citizens. I think they are anxious to be helpful in so many ways, and I just hope it's a resource we continue to try to expand upon, because I think it could be very, very effective, not just in terms of our diplomatic efforts, but also in our intelligence efforts.

Director BLAIR. I think you're right. In my background—and I'm sure General Maples knows it—the most highly decorated military unit in American history was the 442nd Regimental Combat Team, Asian Americans, many of whose parents and grandparents were in detention camps at the time that they went to Italy, and won more medals than any other unit in action.

Senator MCCASKILL. I think there's some recruiting to be done there.

Director BLAIR. I think there is.

General MAPLES. You're exactly right, and these are Americans who want to serve our Nation.

Senator MCCASKILL. Absolutely.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCaskill.

Senator Wicker.

Senator WICKER. Thank you, Mr. Chairman.

Gentlemen, thank you for your testimony. I may be about to ask you to parse words, but I want to follow up on the chairman's question about Iran's nuclear aspirations. Director Blair, in your printed testimony you speak about Iran's pursuit of nuclear weapons as one of the goals that fuels Iran's aspirations for regional preeminence. You go on to mention Iran's goal of defending its nuclear ambitions.

Yet in your answer to the chairman's questions, you agree with the rest of the IC that Iran has halted its nuclear weaponization program in 2003 and not resumed it. Explain their pursuit of nuclear weapons capability and defense of its nuclear ambitions in light of your answer to the chairman's question?

Then I'd like to ask both of you if you are in complete agreement, if your agencies are in complete agreement with each other on the

extent to which Iran has abandoned its nuclear weaponization goals.

Director BLAIR. Senator Wicker, there are three components to Iran's nuclear weapons program. One is the fissionable material, HEU—their current supply of LEU under the International Atomic Energy Agency supervision, which could be the feedstock to HEU, which could result in having enough for a weapon by some time 2010 to 2015, and there's a difference of opinion among the intelligence groups within that range.

Senator WICKER. 2010 to 2015?

Director BLAIR. 2015, yes, sir.

So that's the HEU which forms the payload of the bomb. Then there's the weaponization track of it, which has to do with developing the ability to take the HEU, put it with high explosives into a weapon that can go on a warhead. It was the work on that track that was suspended in mid-2003 and as of at least mid-2007 had not been resumed. So that's at a pause as far as late 2007.

Then the third track is the delivery capability, which the delivery weapon of choice in that part, in most of the world, is a ballistic missile. Space launch technology is no different from military technology, and the Safir launch last month shows that Iran is mastering the use of ballistic weapons.

So it takes all three of those to build a capability. The overall situation—and the IC agrees on this—is that Iran has not decided to press forward on all three tracks, to have a nuclear weapon on top of a ballistic missile.

Senator WICKER. Are they proceeding on the first track?

Director BLAIR. They're proceeding on the first. They're proceeding on the LEU track. They have not gone to a HEU track.

Senator WICKER. It's your assessment that they are not producing HEU at this point?

Director BLAIR. Yes, sir, that's the assessment.

Senator WICKER. General Maples, are you and the Director in complete agreement on this assessment?

General MAPLES. We are in agreement on this. In fact, across the IC we're in fundamental agreement on the assessment. I think between the agencies there may be some difference in the level of confidence, but we're in fundamental agreement on where they are.

Senator WICKER. Is it fair to say that the Israelis disagree with that assessment?

Director BLAIR. The Israelis are far more concerned about it and they take more of a worst case approach to these things from their point of view.

Senator WICKER. Naturally they would be far more concerned. But in their assessment of the facts as they exist, do our friends in Israel assess the facts differently?

Director BLAIR. The facts are the same. The interpretation of what they mean, Israel takes a——

Senator WICKER. So it's a matter of interpretation?

Director BLAIR. Yes, sir.

Senator WICKER. Thank you.

Let me move if I might, Mr. Chairman, to Mexico in the remaining time I have. The testimony talks about, the assessment that I have, talks about President Calderon's success leading to the in-

creased violence. How serious of a problem is this for us? To what extent is our success in Colombia causing the drug trade to move to Mexico? Is there a connection there?

Are there lessons we can learn from Plan Colombia? Is it time for the United States to consider a similar plan for Mexico, Plan Mexico, to fully devote our efforts toward this problem, which appears from these reports to be very, very serious?

Director BLAIR. I think that the violence that we're seeing in Mexico, the drug-related violence which resulted in some 6,000 deaths last year, is directly the result of President Calderon taking on the drug cartel. So in a sense it's the consequence of a positive development. I would emphasize that President Calderon's initiative is not just against drugs per se, as bad as they are, but he is motivated by seeing that the lock that the money and influence of drug cartels have on his country is a fundamental problem, on the judiciary system, on the police system, on the political system in many cases.

So he came to the conclusion that unless he went after the drug cartels he was not attacking fundamental challenges of Mexico, and he's taken them on and it's been an amazing and admirable initiative on his part.

I believe, the President believes, that it is important to support President Calderon on his initiative in many ways as we can, from the Merida Initiative which began under the previous administration and will be carried forward, to the things that we can do on an agency to agency basis, whether it's the Department of Justice (DOJ), the Federal Bureau of Investigation (FBI) within DOJ, Department of Homeland Security (DHS), or us in the IC who can assist the Mexican intelligence authorities on this goal which is in both of our interests.

Senator WICKER. You see President Calderon's program as successful if he stays the course, even though the immediate result has been this huge spike in deaths and violence?

Director BLAIR. Absolutely.

Senator WICKER. I certainly hope so.

Mr. Chairman, I hope we'll be willing to be a teammate with them, with our North American neighbor in this regard, because it certainly at this point appears to be a sort of surprising and very, very serious problem.

Thank you.

Chairman LEVIN. Thank you, Senator Wicker.

Senator Webb.

Senator WEBB. Thank you, Mr. Chairman.

Actually I wasn't going to start here, but let me express my concurrence with what Senator Wicker just said.

When we look at this violence that is going on principally along the border—it's not simply along the border and it's not totally because of what the Mexicans are doing, although I certainly would express my appreciation for their taking that on. These cartels make $25 billion a year in profit. They have highly sophisticated military people working for them, people in some cases who were trained by our own special operations schools. They use automatic weapons, rocket-propelled grenades and grenades.

They are already in our country. The Mexican cartels have operations in 230 cities in the United States. There was an article in The Economist about a year ago that said that, as I recall, two-thirds of the outdoor marijuana plantations in California are run by the Mexican drug cartels, and marijuana has replaced wine as the number one agricultural product of California.

So I would begin—actually, I wasn't going to begin, but I would begin by requesting that you take a hard look at the threat to our national security that these transnational syndicates are bringing. It's not just the Mexican drug cartels. Fairfax County, Virginia, right across the river here, has several thousand gang members, principally MS–13, who are involved in a lot of violence and a lot of trafficking.

That being said—I wanted to say it before Senator Wicker took off—the first thing I would say, Mr. Chairman, is for the record I'd like to point out that Director Blair, Admiral Mullen, and I are all from the same Naval Academy class. I've known Director Blair since I was 18. I think there are few people in this country who have developed the expertise that he did early on in his career with respect to Russia. In fact, I took Russian with Director Blair when I was a plebe. We got to the third class period, I was still trying to figure out the alphabet and he announced that he could now think in Russian. He's a pretty smart guy.

Director BLAIR. Simple thoughts. [Laughter.]

Senator WEBB. I welcome him back to serving our country.

I also would like to say that I appreciate the context in which you answered the question with respect to Ambassador Freeman. I was one of those who was very skeptical about the creation of the position that you now hold, and we corresponded about that. There is an inherent danger when you centralize intelligence, and we saw that with respect to the lack of divergence of opinions in terms of the run-up to Iraq. We simply didn't have enough contrary and meaningful discussion in the IC before we went in.

So I think that the idea of having informed divergent views is very vital to how our decision processes work, and I appreciate that point of view.

General, a question was asked to you about the relationship between Iran and Afghanistan. Is it not true that Iran is now also allowing NATO cargo shipments to pass through Iran into Afghanistan?

General MAPLES. Sir, I'm not familiar with that.

Senator WEBB. We have been briefed to that effect. So you're not aware that that's going on?

General MAPLES. No, sir. I'll have to get back to you on that, sir.

[The information referred to follows:]

[Deleted.]

Senator WEBB. All right.

With respect to the testimony about China, Director Blair, I've had a long concern about the incrementalism with respect to China. You do mention in your testimony that China over the past several decades has begun a substantially new phase in its military development by beginning to articulate roles and missions that go beyond its immediate territorial interests.

I actually wrote a piece for the New York Times about that in 1995 when they changed their doctrine from pure defense into power projection. I'm very concerned. It ties in with the incident that we saw with the naval ship. They have been expanding their military. In many cases it's understandable as you're expanding your economy, but in other cases it should give us concern, particularly with respect to the South China Sea. They claim Taiwan, obviously. They claim the Shinkaku Islands, which are between Taiwan and Japan. Japan also has sovereignty over those at this moment. They claim the Paracels, which Vietnam claims. They claim the Spratlys, which Vietnam, the Philippines, Brunei, and Malaysia claim. They claim lost territories basically wherever you can find a piece of Chinese porcelain from 500 years ago.

There have been a number of incidents with respect to all of those areas that I just mentioned over the past 4 or 5 years. They have been known to build facilities in Indian Ocean areas. Burma is a good example.

So how are you seeing all this in terms of how that fits together for the position of the United States in that region?

Director BLAIR. Senator, you've been I know following Southeast Asia very closely for a number of years. I think the Chinese trajectory there has changed in a somewhat more aggressive way in the past several years from what we had seen earlier. You will recall that when the code of conduct was agreed to with a lot of Association of Southeast Asian Nations pressure on China, it seemed that perhaps China was taking a diplomatic approach there. It settled its boundaries with Vietnam, agreed to the code of conduct.

In the past several years they have become more aggressive in asserting the claims for the EEZ which, as you pointed out, sir, are excessive under almost any international code, and this latest incident with fishing vessels and a PLA Navy vessel involved is the most serious that we've seen since 2001, the EP–3 incident.

So I would agree with you that as far as the South China Sea activities of China, they seem to be more military, aggressive, forward-pushing than we saw a couple of years before. The buildup in the South Fleet out of Hainan has been larger than other parts of the fleet. So I think that is a trend that we are seeing.

The other big development, of course, is the Chinese deployment of a couple of ships to take part in anti-piracy patrols near Somalia. On that face it seems to be a good positive use of Chinese military forces as part of a group who are seeking common goals.

So I think the debate is still on in China as to whether as their military power increases it will be used for good or for pushing people around.

Senator WEBB. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Webb.

Senator Collins.

Senator COLLINS. Thank you. Thank you, Mr. Chairman.

Director Blair, in your testimony you stated that the primary near-term security concern of the United States is the global economic crisis. That isn't usually how a DNI begins testimony to us, so it has caught all of our attention.

A cyber attack on our financial institutions would obviously greatly exacerbate that crisis. What is your assessment of the capa-

bilities of terrorists to launch a catastrophic cyber attack on our financial system?

Director BLAIR. We know that terrorists are interested in using cyber weapons just the way they're interested in using most any weapon that they can use against us. We know that they believe that our economic strength is one of the targets that they would most like to attack. That's partly why they chose the World Trade Center, in addition to the symbolic reasons.

We currently assess that their capability does not match their ambitions in that area, although that's something we have to work on all the time because as things become more widespread, terrorists can find hackers to work with them. So it is a concern. But right now I'd say their capability is low.

In addition, I think the more spectacular attacks that kill a lot of people very publicly is what they are looking for also.

Senator COLLINS. The Federal Government's Director of Cyber Security resigned this week and he cited a lack of support and funding as well as an overreliance on the National Security Agency (NSA) for combating threats to our Nation's computer systems. I know that you have not been DNI for that long, but what is your assessment of the adequacy of our efforts to combat cyber attacks?

Director BLAIR. Senator Collins, I'm familiar with the remarks of the Director of the DHS Cyber Center as he left. The NSA is the repository of the most technical skill in the area of cyber defense, based in large measure on its ability to do cyber attack, which gives it an understanding of what the tools are so it knows what can be used against us. So I'm a strong advocate of the NSA making its technical skill available for defending other networks, both in the government and in the country.

I'm also aware that this very much has to be done in a way that those who supervise us here in Congress and American citizens in general feel that that's being done under strict controls with oversight, so that we are protecting the right information and not gathering information that abridges civil liberties and privacy of Americans.

I think unless we can work out that way to use the capabilities of the intelligence agencies for the right purposes, with confidence from those of you in Congress and the American people that we're not using them for the wrong purposes, we're not going to make the progress we need to on defending the country against those kind of attacks.

I think we can do it technically. We have to do it in a way that everyone has confidence in. There's a review going on right now on that very subject, being led out of the White House, to try to build that structure and to get that support.

Senator COLLINS. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Collins.

Senator Reed.

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

Director Blair, thank you again for returning to active service. But I particularly want to thank and commend General Maples for his extraordinary service to the Army and to the Nation.

I associate my comments with Chairman Levin and Ranking Member McCain, but I want to make one augmentation to the record. Senator McCain said 38 years of service and I have first-hand evidence that you joined the United States Army on July 3, 1967, which makes it 42. So thank you, General, for your service and your friendship.

General MAPLES. Thank you, sir.

Chairman LEVIN. You're even older than Senator McCain thought. [Laughter.]

Senator REED. I can't say anything because he looks younger than me and we're classmates. So I have to be very careful about this.

Let me return to a topic that I think was broached, and that is the terrorist group Lashkar-e-Taiba. It's operating in Pakistan. It was in my recollection essentially a creature of Interservices Intelligence (ISI) to conduct operations in Kashmir, so its relationship to the Pakistan Intelligence Service is very disturbing. It conducted the operations in Mumbai, but some have suggested that it poses a much, much broader threat because of its ability to operate locally in Pakistan, because of its connections to many Pakistani nationals who reside outside of Pakistan in Europe and even in the United States.

Can you give an assessment, is this the group that is beginning to fill up the operational space being denied to al-Qaeda?

Director BLAIR. Senator Reed, Lashkar-e-Taiba and its affiliate, which I believe is called JUN, J-U-N—this is the widows and orphans humanitarian wing of it. There is a typical arrangement often between extremist groups and——

Senator REED. The Hamas model.

Director BLAIR. Yes, sir, which is well established.

You're quite right, its long ties as being a means to hit India over the Kashmir issue give it strong roots. The Pakistan Government has changed its policy towards Lashkar-e-Taiba partially, but it has not become a force for good in Pakistan or in the region.

I don't assess that it is replacing al Qaeda as a worldwide terrorist directed against western, American interests or shares the al Qaeda messianic ideology of a greater pan-Islamic state and driving conservative Muslim governments from power. I think it's much more directed than that. But it certainly has the capability and can still carry out acts which are against American interests.

Senator REED. General Maples, you have comments?

General MAPLES. I would just comment that Sayyed, who is the leader of Lashkar-e-Taiba, does have a belief in the establishment of a fundamentalist Islamic state. Lashkar-e-Taiba has been very involved in Afghanistan with that as an intended purpose. So while there is still the focus on Kashmir, a focus on India, there's also a focus in the other region. I think that fundamentalism is an issue that makes Lashkar-e-Taiba a real concern to us, because I think they do have ambitions beyond that.

I don't know that they have reached the level of another al Qaeda or a replacement for al Qaeda, but I think that their beliefs are very similar in nature. I also believe that the Pakistani government, as the Director has said, has distanced themselves from

Lashkar-e-Taiba and has taken some very significant actions in the recent past towards the organization.

Senator REED. Thank you.

Let me switch to a different topic. We are in the process now of redeploying our forces from Iraq to Afghanistan. One of the key issues that both General Odierno and General McKiernan have is their force multipliers, their intelligence platforms, their special operations forces, those things that allow you to build up the effort in Afghanistan, but also as an economy of force measure in Iraq to continue to keep the pressure.

Can you give me from your perspective, Director Blair and then General Maples, sort of, do we have sufficient resources in this area, the intelligence platforms, the analysts, not the Brigade Combat Team (BCT) intelligence but those things that make the BCTs work well, for the effort that is before us?

Director BLAIR. We had a meeting on that exact topic, Senator Reed, of the executive committee of the IC about 2 weeks ago, in which we went through that analysis. The short answer to your question is that we believe we have the facilities that could be brought to bear. We have it largely, but not entirely. I'm confident that we will be able to put adequate support in to support the level of engagement that we decide on.

The heart of it from the military point of view is the ISR joint task force, which now covers both Afghanistan and Iraq. General Maples is intimately involved in staffing that up.

Senator REED. General Maples?

General MAPLES. Sir, the answer to your question is yes, I believe we have the resources to do what is necessary from a defense intelligence standpoint in both locations. We are working right now with Multi-National Force-Iraq on the plan for the intelligence structure that will remain as we go through the drawdown. Our belief is that our intelligence structure, with the exception of those capabilities that are organic to the BCTs, will remain in place. The only adjustments we're going to make is based on capacity and demand for the tasks that we're going to be performing. But we are not dependent on those resources in order to build the capabilities that we need in Afghanistan.

That said, for me as we drawdown in Iraq there's still the issue of how do we cover those areas that the BCTs have been operating in from an intelligence standpoint, how do we do the handoff of the sources, how do we provide insight and knowledge of what's going on in those areas. We're working through that plan.

A big part of that, as the Director says, is going to be the plus-up that the Secretary of Defense has directed in terms of ISR capability going into Iraq. In Afghanistan, we are structuring for the buildup of forces and we've already started that process, putting more analysts in place in Afghanistan, more ISR capability that is going into the country now.

The real issue for us is the duration and our ability to sustain the kinds of deployments and the expertise that we need for Afghanistan. We're having to build additional capability so that we can sustain that over time.

Senator REED. Thank you.

My time has expired, but let me once again conclude by thanking you, General, for your service to the countless soldiers you've led and inspired, and thank you so much.

General MAPLES. Thank you.

Chairman LEVIN. Thank you, Senator Reed.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

General, Director, my thanks also to you for your many years of service and for your continued service to our country. We appreciate all that you do to keep our country safe and secure.

Let me, if I might, Director Blair, direct a question to you regarding a hearing last month in front of the House Permanent Select Committee on Intelligence, in which Congressman Miller asked you to address a potential security threat of relocating the Guantanamo Bay detainees to facilities in the United States, specifically the possibility that holding detainees here in facilities stateside may encourage an attack on a facility to free detainees.

As you perhaps know, last year the Senate passed a Senate resolution by a vote of 94 to 3 expressing the Senate's view that detainees at Guantanamo should not be transferred stateside into facilities in American communities and neighborhoods. The President's January 22, executive order to close Guantanamo and determine the disposition of individuals detained at Guantanamo Bay within a year requires that those individuals detained at Guantanamo be "returned to their home country, released, transferred to a third country, or transferred to another United States detention facility in a manner consistent with law and the national security and foreign policy interests of the United States," and that's a quote.

That same executive order requires you, as the DNI, along with other senior administration officials, to identify and consider legal, logistical, and security issues relating to the potential transfer of individuals currently detained at Guantanamo to facilities within the United States, and that you and other participants in the review work with Congress on any legislation that may be appropriate.

You had told, I think, Congressman Miller at that hearing you'd have to go back and see if the possibility that holding detainees here in facilities statewide warranted a threat. I guess my question has to do with that follow-up. Have you or your staff identified and considered those legal, logistical, and security issues relating to the potential transfer of individuals currently held at Guantanamo to facilities within the United States?

Director BLAIR. Senator Thune, I was at a meeting yesterday in which, at the senior level, we reviewed the work that's being done by the working groups on those exact questions. All of the things that you mentioned are very much at the heart of the interlocking set of decisions that have to be made. I can also say, as was specified in the executive order, that there is a commitment to consult with Congress as these tough decisions are reached.

I can say that if there'd been any neat and tidy ways to handle these conflicting goods that Senator Graham and others are right in the midst of from both a legal and a policy point of view, it would have been found. It's going to be a series of tough decisions

and it'll require Congress as well as the executive branch to help make them.

Senator THUNE. Have you made any conclusions or assessments about the threat yet or identified any of the security issues that are associated with that?

Director BLAIR. Sir, I think that it does somewhat raise the threat level when a prison contains foreign terrorists as well as others. I don't think that that threat level rises to the level of the ambitions of al Qaeda and similar groups to try to conduct a spectacular attack that would be as great as or even greater than September 11 on the United States or other countries. But it does raise that concern somewhat.

Senator THUNE. My assumption is too that the resolution passed by the Senate last year would figure into those deliberations and send a statement with regard to having some of these detainees in American communities and neighborhoods. It affects the deliberations, my guess is?

Director BLAIR. Yes, sir. It has not passed unnoticed. Several members of the meeting that I was in yesterday reminded us that the Senate is very sensitive on that score.

Senator THUNE. Let me shift gears for just a minute. There was an article written by Secretary of Defense Gates and published in the Foreign Affairs Journal in January of this year, in which he wrote: "Both Russia and China have increased their defense spending and modernization programs, to include air defense and fighter capabilities that in some cases approach the United States' own."

He goes on to explain that, with respect to China, improved air defenses, coupled with investments in other asymmetric capabilities such as cyber warfare, anti-satellite warfare, and anti-ship weaponry, all threaten the way that the United States projects power. Secretary Gates wrote that "These asymmetric capabilities will require a shift to long-range, over the horizon systems such as the next-generation bomber."

My question is, do you agree with the Secretary of Defense's assessment that in some aspects Russia and China's air defense and fighter capabilities approach our own, and is it your conclusion that they are proliferating some of these advanced capabilities? General?

General MAPLES. I do agree with that. In particular, China from the air defense standpoint has developed a very modern, layered air defense capability in depth and is seeking additional air defense capabilities that will project even out to a range of 400 kilometers, that significantly affects potential U.S. operations in that region.

Russia, quite frankly, is the developer of most of those systems and is exporting those systems both to China and to other countries in the world.

Senator THUNE. What's your general view right now about our capabilities in terms of long-range strike, and does the next-generation bomber figure into our ability to project power on a long-range basis, I mean going forward? What's your overall assessment, because that's a big debate about whether or not, in terms of procurement and some of the weapons systems that we're developing for the future? The 2006 Quadrennial Defense Review (QDR) said we needed a next-generation bomber by 2018. There are reports, of

course, that that is being scaled back or perhaps eliminated entirely as a requirement.

What's your overall assessment? Shouldn't we be pursuing upgrades in our long-range strike capabilities?

Director BLAIR. Senator Thune, the question of whether the bomber is the exact right system for the threat is really a DOD decision to make. But I would point out that there has to be a balance between your strike capability and your intelligence capability. I am personally as concerned about our ability to find the right thing to hit as I am about the ability to hit it. Advances in cover and deception, advances in potential adversaries' knowledge of how we go about our business, and in understanding have made it much more difficult to be able to feed those target points to the weapons deliverers, whether they're firing missiles or cruiser bombers or, down at a lower level, whether they're a special forces team trying to snatch somebody who's out to hurt us.

So I think that, while you're absolutely right to be worried about long-range strike systems, I really am frankly more concerned about being able to tell them what to strike.

Senator THUNE. General?

General MAPLES. Sir, with respect to the capabilities, that's the dialogue that's going on in the Department right now as to the capabilities that we'll require for the future. It'll be a part of the QDR process this year.

I agree with the Director, what we have to clearly explain is how those modernization efforts fit together and the impact that that is going to have on the systems that we field and the systems that we require.

Senator THUNE. Thank you both very much, gentlemen.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Thune.

Senator Burris.

Senator BURRIS. Thank you, Mr. Chairman.

I too want to extend my congratulations and thanks for all the service you gentlemen have given to this country. May God continue to bless you.

Last Wednesday, the ICC issued an arrest warrant for the Sudanese President Al-Bashir for directing the genocide in Darfur. Shortly after the ICC announcement, President Bashir moved to expel foreign aid groups that provided food, water, medicine, and other crucial supports to more than 1 million displaced people from the Darfur region.

General Maples and Director Blair, can you give us an assessment of what is happening on the ground today and what the IC is assessing as may happen in the coming weeks and months for this region?

Director BLAIR. Senator Burris, we are aware of those actions that you mentioned by the ICC and then President Bashir's reaction. We have moved to try to assess more closely the humanitarian impact of the withdrawal of the food aid and so on. It really is a matter of how long it's sustained, and what the subsequent events are. Those are pretty much based on President Bashir's actions.

The ranges of what might happen could go from another humanitarian crisis because of continued denial of food supplies, continued lawlessness in the camps that would cause great suffering and deaths, down to a relatively mild worsening to what's already a bad situation if they were of a short duration and the relief organizations were back in. So it's something we're looking at and it's hard to make a call right now.

Senator BURRIS. General Maples?

General MAPLES. Sir, I have nothing to add to that. I agree.

Senator BURRIS. What is the situation then with the U.N. and whether or not they're going to be able to get some peacekeeping troops in there? Do we have any information on what the United Nations and Sudan are working on? Chad is in there and they're already up to the border, or Khartoum. I'm wondering whether or not that's going to escalate. What intelligence do we have of what's happening there?

Director BLAIR. Senator, a United Nations-blessed largely African force has been negotiating with the Khartoum government for the conditions under which it can increase its presence in the area. Certainly the U.N. has intensified its efforts recently. But the indictment and President Bashir's reaction have made him less cooperative than he was before on that score.

Senator BURRIS. Do you think this will extend the problem with the U.N. trying to move in?

Director BLAIR. I think it will make it harder, yes, sir.

Senator BURRIS. Let me shift gears, gentlemen, for one moment. You heard Senator Wicker raise a question about the drug cartel—I think it was Senator Wicker—in Mexico. There is a report this morning indicating that a local police chief and a handful of officers in Mexico were killed in a blazing attack by the drug cartels. This seems to be a reoccurring story in recent weeks and months.

Gentlemen, can you discuss the capability gap of the Mexicans in their fight against the drug cartel? Given the recent statement by Admiral Mullen and Secretary Gates with regard to the military assistance—I'm particularly interested in the gap within their military—can they be able to handle this situation?

Director BLAIR. Senator, I believe that they can handle the situation, given the determination that President Calderon has showed. The resources that he has put against it, he has increased the number of troops he's committing. He's increased the resources he has made available to those, both to his army forces that are involved in that and to the other law enforcement bodies.

He is moving to remove corrupt officials. He's taken a full range of actions which are necessary to do it. I think he can succeed. I think we have the responsibility as being on the other side of that same border and, as Senator Webb, Senator Wicker, and others pointed out, sharing the bad effects of those cartels in our country, to help him.

I believe there's a strong commitment out of President Obama and his administration, and I sense just from talking on Capitol Hill that there's a very strong commitment here in the Senate and elsewhere to support that. I'm very optimistic we can take these guys if we put the resources in and work together.

General MAPLES. Sir, one comment on that. The chairman just returned from Mexico and a visit to the region. On his return, the Joint Staff has taken his report back and is working up some recommendations on how we could provide some assistance to the Mexican military.

I know that on the intelligence side, personally I've had interaction with my counterpart in Mexico, which is pretty significant in terms of the relationship between the militaries, in looking for ways that we can share information. The Navy has recently signed an agreement that will enable a sharing of information, and I think the other services are very close to having that done in the near term as well. So we are looking for ways that we can support the Mexican military in their effort.

Senator BURRIS. Thank you, Mr. Chairman.

Thank you very much, gentlemen.

Chairman LEVIN. Thank you, Senator Burris.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

Thank you, gentlemen, both for your service to our country past, present, and future.

Along the lines of military assistance to Mexico, it seems to be just from listening to the news that the threats are growing. Would a Mine Resistant Ambush Protected (MRAP) vehicle assistance program be beneficial, Director, General?

Director BLAIR. Right now we're talking with the Mexican Government on many different levels, Senator Graham. I'm not aware of all of the eaches of what we've done, sir, and I hesitate to shoot off the top of my head about something like that.

Senator GRAHAM. Fair enough.

Director Blair, a nuclear-armed Iran in terms of destabilizing the Mideast and making the world a more dangerous place. If that event occurred, how would you rate it in terms of 1 being not so much and 10 being very destabilizing?

Director BLAIR. It would be up on the 8-to-10 scale, Senator Graham. The countries in the region would react. They would react I think by looking to their own defenses, by looking for more involvement and protection from the United States, and there would be a spin in the region which would not make it any safer than it is now, quite the opposite.

Senator GRAHAM. Potentially terrorist organizations might benefit from that technology? Would that be a concern?

Director BLAIR. The more nuclear material, the more nuclear weapons technology around, the greater the chances of it getting into the wrong hands.

Senator GRAHAM. I read your report about Iraq. Do you think it would be in our long-term national security interest to consider an enduring relationship with the Iraqi government and people after 2011?

Director BLAIR. I hope all of the effort we put on Iraq results in a long-term relationship and not just a [indicating] "done that, get out of there."

Senator GRAHAM. I agree.

Director BLAIR. There's been a lot of blood shed by Iraqis and by Americans there, and I'd hate to think that we didn't turn that into something positive for the long-term.

Senator GRAHAM. From the strategic point of view, it sits between Syria and Iran. It's pretty good to have a friend right there. It would allow—Turkey's been a good ally, so I think it would have some benefit. I appreciate that answer. I think we need to think in terms of long-term security interests and Iraq could become a very stable partner in the future. That's the hope, and I appreciate that answer.

Pakistan. I just read in the news, so I don't know any details, this deal that was done or being proposed between the Pakistan government and Taliban type organizations in the Swat region about sharia law being applied, what's your take on that and how do you feel about that proposal?

General MAPLES. Sir, an agreement reached by the governor of the Northwest Province with the militants in the Swat Valley has both some pluses and minuses to it. From a judicial standpoint, the application of sharia law in some form—of course, there are many forms of sharia law—provides a more responsive approach to the citizens in the valley, and that's how the Pakistanis see it.

There are some conditions of the Pakistan government that go along with this.

Senator GRAHAM. If you were a woman in Pakistan, would that be unnerving to you?

General MAPLES. Absolutely, sir, it would. It is also unnerving to us from the standpoint of what that means to other militants——

Senator GRAHAM. Right.

General MAPLES. —in the region.

Senator GRAHAM. Exactly.

General MAPLES. We're very concerned about that.

Senator GRAHAM. Is it just a practical accommodation because of weakness or is this in the mind of the governor of the region a win-win? What would make one engage in such an agreement?

General MAPLES. I believe it was, at least initially, was a belief that he could reduce violence by giving in to that. The reality is it hasn't changed the activities of the militants.

Senator GRAHAM. As a matter of fact, to me it is a very disturbing event that could really send the wrong signal to the wrong people at the wrong time.

General MAPLES. Absolutely.

Senator GRAHAM. Now, when it comes to budgets, Director Blair, I think you're well positioned to guide this Nation through some very difficult times, both of you gentlemen. The President's budget proposes a decrease in defense spending. We're at 3.6 percent of GDP, I believe is the accurate number in terms of defense spending to GDP, and over time that budget would go down to 3 percent. Is that a wise move? What effect would it have, if any, on the ability to defend our Nation?

Director BLAIR. I haven't sorted out the consequences from that point of view, from an intelligence point of view. I can comment that, at least in the budget negotiations that have to do with the intelligence part of it, the national intelligence program, there seems to be a strong understanding of the importance for intel-

ligence, and I'll be up here testifying about the adequacy of that soon.

Senator GRAHAM. The reason I asked that question is we envision growing the Army and the Marine Corps, which I think is a good move, but the highest cost of DOD is personnel costs. So if you're going to increase the number of people and that's your highest cost already, something has to give somewhere. I would like if you could look at it and see what would give, and does that make us weaker or stronger?

When it comes to Yemen—I saw your evaluation—do you believe it would be a wise idea to release any detainee at Guantanamo Bay back into Yemen?

Director BLAIR. That would have to be decided on a case by case basis. But the initial experience that has been had with detainees that have been released to Saudi Arabia and then have gone to Yemen has been really, really mixed. Some of them have taken part and returned to the fold. Some of them have made a move and then come back again. So it doesn't inspire confidence.

Senator GRAHAM. General Maples, have you reviewed the detainee operations in Afghanistan? If you have, could you give us a brief assessment of detainee operations? It is my opinion that the number of detainees will likely grow as we engage in more fighting. What is the disposition plan for foreign fighters held in Bagram Air Base in Afghanistan, or do we know yet?

General MAPLES. Sir, I don't know yet. We have had discussions about the issue that you just raised, and that is as we introduce more U.S. forces, particularly in southern Afghanistan, that there may be a need to provide for additional detainees that we would expect to come in.

Senator GRAHAM. Thank you both.

Chairman LEVIN. Thank you, Senator Graham.

We're now going to adjourn to Hart 219 for a classified session. We'll meet there in 5 minutes. I expect it will be fairly brief, but let's see if we can all get there in 5 minutes.

We stand adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

COOPERATION WITH RUSSIA ON MISSILE DEFENSE

1. Senator LEVIN. Director Blair, in your prepared testimony you indicate that "some combination of threats of intensified international scrutiny and pressures, along with opportunities for Iran to achieve its security and goals might . . . prompt Tehran to extend the halt to [its] nuclear weapons-related activities." As I mentioned in my opening statement, there may be an important opportunity now to explore cooperation with Russia on missile defense as a new element of our efforts to dissuade Iran from such activities.

If the United States and Russia could agree to pursue cooperation on missile defense, could it help to dissuade Iran from taking the nuclear weapons path?

Director BLAIR. [Deleted.]

2. Senator LEVIN. Director Blair, given previous United States-Russian discussions on possible missile defense cooperation, if Russia is interested in improving its security relations with the United States, do you believe Russia would have an interest in cooperating with us on missile defense?

Director BLAIR. [Deleted.]

RECONCILIATION WITH TALIBAN

3. Senator LEVIN. Director Blair and Lieutenant General Maples, it has been reported that President Obama suggested a willingness to consider reconciling with more moderate elements of the Taliban, similar to the way General Petraeus was able to improve security in Iraq by reaching out to local Sunni tribesmen who rejected the violent tactics of al Qaeda in Iraq. In your view, is the Taliban in Afghanistan a monolithic group?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

4. Senator LEVIN. Director Blair and General Maples, are there different factions or tribes within the Taliban that could provide an opportunity to achieve reconciliation without returning to a situation in which al Qaeda and associated extremists are able to find safe haven in regions of Afghanistan?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

AN AFGHANISTAN VERSION OF SONS OF IRAQ

5. Senator LEVIN. Director Blair and Lieutenant General Maples, a major new initiative in Afghanistan is the Afghan Public Protection Program. The program works through community "shuras," or councils, to select local members of the Afghan Public Protection Force, who will serve neighborhood watch-like functions in their home communities. The program will be accountable to the Minister of the Interior. Some see the program as an important program for improving security in tribal areas, while others have expressed concern the program risks renewing or supporting warlords. Is the approach of paying local tribes to maintain security in their communities, along the model of the Sons of Iraq, applicable in Afghanistan, or are the conditions in Afghanistan too different for this model to work?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

LINES OF COMMUNICATION

6. Senator LEVIN. Director Blair and Lieutenant General Maples, significant attention has been focused on the lines of communication (LOCs) used to supply the United States and other international forces in Afghanistan. The ground LOCs through Pakistan have come under attack by insurgents, and the Government of Kyrgyzstan has decided to close the Manas air base used by United States forces. United States officials have emphasized the need to establish and preserve multiple options, and progress has apparently been made in exploring some northern routes, several of which would reportedly involve the Russian Federation. How willing is Russia to support the overall international effort in Afghanistan?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

7. Senator LEVIN. Director Blair and Lieutenant General Maples, how much of a liability might reliance on Russia prove to be, bearing in mind that any transit agreements offer host nations ongoing potential leverage?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

COOPERATION ON COUNTERNARCOTICS OPERATIONS WITH IRAN

8. Senator LEVIN. Director Blair and Lieutenant General Maples, according to the International Narcotics Control Board, illicit opium poppy cultivation in Afghanistan dropped from its record level in 2007 and the number of provinces free of opium poppy also increased, from 13 to 18. Despite these improvements, Afghanistan continues to account for by far the largest share of the world's illicit opium poppy cultivation. Some reports suggest that much of this opium is trafficking to and through Iran. Does the Iranian government have concerns about the presence of the drug trade and drug use in its country and are they undertaking any law enforcement or military operations to counter the threat of narcotics in their country?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

9. Senator LEVIN. Director Blair and Lieutenant General Maples, as the administration continues to review its policy vis-a-vis Iran, in your assessment, are there opportunities for cooperation between the United States and Iran on counter-narcotics activities?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

AL QAEDA IN PAKISTAN

10. Senator LEVIN. Director Blair, your prepared statement asserts that al Qaeda has been badly damaged by the air strikes in the Federally Administered Tribal Areas (FATA) of Pakistan. You proceed to speculate about what would happen to al Qaeda "if forced to vacate the FATA and locate elsewhere." The implication seems to be that you believe the air strikes are making al Qaeda's situation in Pakistan untenable and that they may be thinking of relocating. Are you in fact implying that al Qaeda is being hit so hard in Pakistan that it may decide to quit the region?

Director BLAIR. [Deleted.]

11. Senator LEVIN. Director Blair, do you have evidence for this?

Director BLAIR. [Deleted.]

12. Senator LEVIN. Director Blair, what probability is assigned to this?

Director BLAIR. [Deleted.]

PAKISTAN-INDIA RELATIONS

13. Senator LEVIN. Director Blair, many experts believe that Pakistan seeks to dominate the Afghanistan Government, by sponsoring militant groups like the Taliban, in part because of Pakistan's belief that India seeks to annihilate the Pakistan state. In this view, Pakistan believes it must have a friendly regime in Afghanistan so that Afghanistan can serve as a "strategic rear" for Pakistan's confrontation in the east against India. Pakistan also sponsors violent extremist groups as proxies against India in the dispute over Kashmir. These experts conclude that Pakistan is very unlikely to adopt a more cooperative stance on Afghanistan unless the India-Pakistan relationship is fundamentally changed.

The Composite Dialogue between Pakistan and India has made considerable progress in recent years. Moreover, it was recently revealed that India and Pakistan pursued a very serious, secret backchannel negotiation over Kashmir since 1999 under President Musharraf that reached a high degree of maturity before being deferred due to the political decline of Musharraf. Does the Intelligence Community (IC) share the view that the Pakistan-India relationship is key to altering Pakistan's behavior towards Afghanistan?

Director BLAIR. [Deleted.]

14. Senator LEVIN. Director Blair, does the IC believe that a breakthrough in India-Pakistan security relations is possible, given what has been achieved in the Composite Dialogue and in the backchannel negotiations?

Director BLAIR. [Deleted.]

15. Senator LEVIN. Director Blair, is Pakistan politically ready to resolve its strategic differences with India?

Director BLAIR. [Deleted.]

16. Senator LEVIN. Director Blair, how should the militant attacks on the Indian embassy in Kabul and Mumbai be interpreted in light of the revelation about the backchannel Kashmir negotiations?

Director BLAIR. [Deleted.]

PROSPECTS FOR POLITICAL RECONCILIATION

17. Senator LEVIN. Director Blair and Lieutenant General Maples, the Iraqi Government must still enact important legislation to achieve meaningful and lasting political reconciliation and stability. What is your assessment of the prospects that the Government of Iraq will be able to enact legislation this year that will settle the internal boundary issues in northern Iraq with respect to the Iraqi Arabs, Turkmen, and Kurds; establish authorities for the control and management of the Iraqi oil and gas industry and the fair distribution of revenues; and continue the resolution of

constitutional issues regarding the powers of the central and provincial governments?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

FRAGILITY OR STABILITY OF GAINS

18. Senator LEVIN. Director Blair and Lieutenant General Maples, diplomatic and military leaders in Iraq have cautioned that security gains over the last year are fragile and subject to reversal. What is your assessment of the stability of security gains and reduced violence?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

19. Senator LEVIN. Director Blair and Lieutenant General Maples, what, in your assessment, are the greatest threats to these gains and what are the prospects of these threats materializing?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

20. Senator LEVIN. Director Blair and Lieutenant General Maples, General Odierno, the Commander of Multi-National Forces-Iraq, has indicated that if Iraq can peacefully and successfully get through the district and parliamentary elections scheduled through 2009, then political, economic, and security gains will have taken root. What is your assessment of Iraqi elections as indicators of increasing or decreasing stability and security in Iraq?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

21. Senator LEVIN. Director Blair and Lieutenant General Maples, are there other indicators that are better barometers of improving or deteriorating stability conditions?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

POTENTIAL OF IRAQI SECURITY FORCES

22. Senator LEVIN. Director Blair and Lieutenant General Maples, an important aspect of the improved security conditions in Iraq is the improved capability of the Iraqi Security Forces (ISF). What is your assessment of the overall capability and reliability of the ISF?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

23. Senator LEVIN. Director Blair and Lieutenant General Maples, in your view, what are the enduring challenges or threats to the establishment of a reliably professional and capable ISF?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

24. Senator LEVIN. Director Blair and Lieutenant General Maples, what is your assessment of security conditions in those provinces where ISF have already assumed responsibility for maintaining security?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

25. Senator LEVIN. Director Blair and Lieutenant General Maples, what is your assessment of the infiltration or the risk of infiltration of ISF by sectarian militias, al Qaeda-in-Iraq, and Iranian agents?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

MUQTADA AL-SADR

26. Senator LEVIN. Director Blair, in your statement you indicate that Shiite militant groups affiliated with cleric Muqtada al-Sadr are adapting their objectives and tactics away from violence to become "cultural organizations and a counterweight

to Western influence." You acknowledge, however, that some Sadrist groups remain dangerous and may engage in sporadic attacks. What is your assessment of Muqtada al-Sadr's intentions and capabilities through the rest of this year, especially with respect to the district and parliamentary elections?

Director BLAIR. [Deleted.]

27. Senator LEVIN. Director Blair, what do you expect Muqtada al-Sadr and his affiliated groups will do to respond to or take advantage of the withdrawal of United States combat forces through August 2010?

Director BLAIR. [Deleted.]

STRENGTH OF IRANIAN INFLUENCE

28. Senator LEVIN. Director Blair and Lieutenant General Maples, how would you characterize the degree of influence Iran exercises over the government, Shiite organizations, and the Shiite population as a whole in Iraq?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

29. Senator LEVIN. Director Blair and Lieutenant General Maples, is this influence growing or shrinking?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

IRANIAN NUCLEAR INTENTIONS

30. Senator LEVIN. Director Blair, on page 20 of your prepared statement, you write that "we do not know whether Iran currently intends to develop nuclear weapons." However, on page 9 of your statement, twice you remark about Iran's "pursuit of a nuclear weapons capability." Are these statements contradictory? What distinction do you draw between the intention to "develop nuclear weapons" and "pursue a nuclear weapons capability"?

Director BLAIR. The full sentence from page 20 of the prepared Unclassified Statement for the Record was "Although we do not know whether Iran currently intends to develop nuclear weapons, we assess Tehran at a minimum is keeping open the option to develop them." To "pursue a nuclear weapons capability" is consistent with Iran "keeping open the option to develop" nuclear weapons. In particular, as noted on pages 19–20 of that statement, "Iranian entities are continuing to develop a range of technical capabilities that could be applied to producing nuclear weapons, if a decision were made to do so.

a. (U) Iran continues its efforts to develop uranium enrichment technology, which can be used both to produce low-enriched uranium for power reactor fuel and to produce highly-enriched uranium for nuclear weapons.

b. (U) As noted, Iran continues to deploy and improve ballistic missiles inherently capable of delivering nuclear weapons.

c. (U) We assess Iran since fall 2003 has conducted research and development projects with commercial and conventional military applications, some of which would be of limited use for nuclear weapons."

SYRIA-ISRAELI PEACE PROSPECTS

31. Senator LEVIN. Director Blair and Lieutenant General Maples, Syria and Israel, with the assistance of Turkey, have been meeting to discuss a possible peace agreement. Does the IC believe that Syria would be willing to give up its strategic alliance with Iran in exchange for regaining the Golan Heights?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

SYRIAN NUCLEAR REACTOR

32. Senator LEVIN. Director Blair, your prepared statement indicates that the IC believes that the structure Israel destroyed in Syria was a nuclear reactor supplied by North Korea.

Director BLAIR. [Deleted.]

33. Senator LEVIN. Director Blair, do you believe that this reactor was intended to support a Syrian nuclear initiative, or was it in fact intended to support Iran's nuclear program?
Director BLAIR. [Deleted.]

EGYPT-GAZA BORDER—ROCKET/MISSILE SMUGGLING

34. Senator LEVIN. Director Blair and Lieutenant General Maples, in bringing an end to the Israeli invasion of Gaza a few months ago, it was clear Israel's number one decisionmaking factor was whether the Egyptian government had the will and fortitude to attack aggressively the tunnels along the border with Gaza and the smuggling network throughout Egypt that enables weapons to enter Gaza. In recent months, we have seen the Egyptians undertake a number of efforts along the border to identify and counter the tunneling threat. However, we have not heard reports of an aggressive counter-smuggling effort. What is the IC's assessment of the current counter-tunneling effort along the Egypt-Gaza border?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

35. Senator LEVIN. Director Blair and Lieutenant General Maples, what is the IC's assessment of Egyptian efforts to attack the smuggling operations throughout Egypt, particularly along its border with Sudan?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

36. Senator LEVIN. Director Blair and Lieutenant General Maples, if the Israelis do not view the Egyptian's activities as adequate, do we believe the Israelis will attack unilaterally?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

UNITED STATES NATIONAL SECURITY THREATS

37. Senator AKAKA. Director Blair and Lieutenant General Maples, if history has taught us nothing else, it is that significance can develop from unpredictable sources that had previously received little or no attention before it was too late. What geographic region of the world or subset of space/cyberspace threats not identified during the hearing has the biggest potential to be a future challenge to United States national security?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

CYBER ATTACKS

38. Senator AKAKA. Lieutenant General Maples, for decades the United States has maintained full spectrum dominance in the sea, land, air, and space domains. Due to the scope and sophistication of malicious attacks to our computer networks, we must pay equal attention to the cyberspace domain. What is your assessment of the Department of Defense's (DOD) organization and integration of its cyber forces across the DOD?
Lieutenant General MAPLES. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

IRAQ

39. Senator MCCAIN. Director Blair, on February 27, President Obama announced his withdrawal plan for Iraq. I believe the President's plan is reasonable, but it is not without risk. We will need to be cautious as we withdraw troops so as not to jeopardize these achievements, and listen closely to the commanders on the ground as the administration determines the pace of withdrawals. I was pleased that the President was willing to reconsider a plan based upon conditions on the ground. Did the IC participate in the Obama administration policy review leading to the decision to withdraw troops from Iraq? If so, how?

Director BLAIR. The Intelligence Community provided key findings and analytic assessments on Iraq to a series of policymaker meetings on troop drawdown options leading up to the President's policy announcement.

40. Senator MCCAIN. Director Blair and Lieutenant General Maples, what does the IC assess are the potential flashpoints in Iraq that could still flare and possibly require an adjustment to the plan and did the IC convey this to the White House?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

41. Senator MCCAIN. Director Blair and General Maples, does the IC have the resources necessary to adequately support the withdrawal plan for Iraq while simultaneously increasing operations in Afghanistan?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

VIOLENCE IN MEXICO

42. Senator MCCAIN. Director Blair, as a result of increasing pressure from the Calderon government on the well-armed and capable Mexican drug cartels, we have seen a marked increase in violence, abductions, and arms smuggling near the United States-Mexico border. Last week, Secretary Gates labeled the situation as a "serious problem" and signaled a willingness to provide increased assistance to the Mexican government in the form of military hardware, training, and intelligence support. Former Central Intelligence Agency Director Michael Hayden stated recently the violence in Mexico will pose the second greatest threat to United States security this year, right after al Qaeda. Do you agree with former Director Hayden's and Secretary Gates' assessments about violence along the Mexican border?
Director BLAIR. [Deleted.]

43. Senator MCCAIN. Director Blair, will that emerge as the second greatest threat to United States security?
Director BLAIR. [Deleted.]

44. Senator MCCAIN. Director Blair, please describe in what ways the IC is working with the Mexican government to contain this growing threat?
Director BLAIR. [Deleted.]

45. Senator MCCAIN. Director Blair, a recent report stated that a large percentage of the weapons used by these drug cartels originate in the United States. Secretary Napolitano stated last week that the drug-related violence in Mexico was a "top priority" for her Department and pledged to work closely with other United States agencies to confront the weapons trafficking largely responsible for this growing threat. What steps have been taken to integrate the efforts of the IC and the Department of Homeland Security (DHS) to track and combat the trafficking of such weaponry and related hardware?
Director BLAIR. [Deleted.]

AL QAEDA AND THE FEDERALLY ADMINISTERED TRIBAL AREAS

46. Senator MCCAIN. Director Blair, in your statement you say that sustained pressure against al Qaeda in the FATA has the potential to further degrade its organizational cohesion and diminish the threat it poses. What do you think will happen to al Qaeda in the FATA if pressure there were relaxed or halted?
Director BLAIR. [Deleted.]

47. Senator MCCAIN. Director Blair, do you believe that the al Qaeda leadership could establish the network's headquarters elsewhere? If so, where?
Director BLAIR. [Deleted.]

48. Senator MCCAIN. Director Blair, are there any members inside al Qaeda that could effectively replace Bin Laden or Zawahiri?
Director BLAIR. [Deleted.]

49. Senator MCCAIN. Director Blair, absent a safe haven and/or the demise of its principal leaders, what happens to the movement?
Director BLAIR. [Deleted.]

50. Senator MCCAIN. Director Blair, currently, which al Qaeda affiliate or affiliates pose the most significant threat to the United States Homeland and United States interests worldwide?
Director BLAIR. [Deleted.]

51. Senator MCCAIN. Director Blair, do you believe our European allies are adequately concerned and focused on the threat posed by al Qaeda? If not, why not?
Director BLAIR. [Deleted.]

PAKISTAN

52. Senator MCCAIN. Director Blair, Afghanistan's problems exist, of course, in a regional context, and we must increasingly view them as such. A special focus of our regional strategy must be Pakistan. For too long we have viewed Pakistan as important because of our goals in Afghanistan. Yet Pakistan is not simply important because of Afghanistan; Pakistan is important because of Pakistan. We cannot simply subordinate our Pakistan strategy to our Afghanistan policy. What is your current assessment of the future of Pakistan?
Director BLAIR. [Deleted.]

53. Senator MCCAIN. Director Blair, what are the chances that the state will fall further and further under the control of Islamic extremists? If it does, what are the consequences?
Director BLAIR. [Deleted.]

54. Senator MCCAIN. Director Blair, can you describe the economic situation in Pakistan and how it may impact stability in Pakistan?
Director BLAIR. [Deleted.]

55. Senator MCCAIN. Director Blair, how do we address Pakistan's border concerns or insecurities?
Director BLAIR. [Deleted.]

56. Senator MCCAIN. Director Blair, what role can India play in stabilizing Afghanistan and how are we engaging them?
Director BLAIR. [Deleted.]

57. Senator MCCAIN. Director Blair, do you believe that while some of Pakistan's civilian and military leaders recognize the threat that growing militancy poses, many government leaders tolerate or employ militant groups as important policy instruments for maintaining stability in western Pakistan or exerting pressure on Kabul or New Delhi?
Director BLAIR. [Deleted.]

58. Senator MCCAIN. Director Blair, do believe the new government in Pakistan and its military leaders are preoccupied about a potential war with India?
Director BLAIR. [Deleted.]

59. Senator MCCAIN. Director Blair, do you believe Pakistan's insecurities about India can be reduced? If so, how?
Director BLAIR. [Deleted.]

KURD-ARAB FRICTION IN IRAQ

60. Senator MCCAIN. Lieutenant General Maples, the Kurdish presence and claims across northern Iraq's disputed territories are fueling ethnic tensions and potential violence between Kurds and Arabs. The constitutional process for resolving disputed territories outlined in Article 140 of the Iraqi Constitution has stalled, and the United Nation's three-phase plan to facilitate the Article 140 process has not achieved measurable progress. How would you assess the current level of tension between Arabs and Kurds?
Lieutenant General MAPLES. [Deleted.]

61. Senator MCCAIN. Lieutenant General Maples, is it increasing, decreasing, or staying the same?
Lieutenant General MAPLES. [Deleted.]

62. Senator MCCAIN. Lieutenant General Maples, is Kurdish political leverage diminishing?
Lieutenant General MAPLES. [Deleted.]

63. Senator MCCAIN. Lieutenant General Maples, is this troubling to the future stability of Iraq?
Lieutenant General MAPLES. [Deleted.]

IRANIAN ACTIVITY IN IRAQ

64. Senator MCCAIN. Lieutenant General Maples, the Islamic Revolutionary Guard Corps (IRGC) is part of the Iranian government and has a central role in carrying out Iran's policies in Iraq through its special operations command—the Qods Force. What do you assess to be Iran's objectives in Iraq now? Have they changed?
Lieutenant General MAPLES. [Deleted.]

65. Senator MCCAIN. Lieutenant General Maples, do you anticipate Iranian meddling during Iraq's upcoming elections? If so, what do you expect?
Lieutenant General MAPLES. [Deleted.]

66. Senator MCCAIN. Lieutenant General Maples, does the IRGC-Qods Force continue to covertly train, fund, and arm Iraqi insurgents and militias?
Lieutenant General MAPLES. [Deleted.]

67. Senator MCCAIN. Lieutenant General Maples, will this activity continue as we withdraw?
Lieutenant General MAPLES. [Deleted.]

68. Senator MCCAIN. Lieutenant General Maples, will the Qods Force target our withdrawing forces?
Lieutenant General MAPLES. [Deleted.]

69. Senator MCCAIN. Lieutenant General Maples, do you have any evidence that there are more or fewer Iranian-made weapons or explosively former penetrator components going into Iraq?
Lieutenant General MAPLES. [Deleted.]

CYBER SECURITY AND CYBER THREATS

70. Senator MCCAIN. Director Blair, the United States depends on the cyber infrastructure heavily, possibly more than any other nation. Our Nation's security and economic prosperity depend on the security and stability of our communications and information networks. On February 9, President Obama ordered a 60-day review of the Nation's cyber security to examine a Federal organizational construct to address issues related to United States and global information and communications infrastructure and capabilities.
What do you think the greatest threats to the United States are in terms of cyber security and communications infrastructure?
Director BLAIR. [Deleted.]

71. Senator MCCAIN. Director Blair, at the threat hearing before the Senate Select Committee on Intelligence on February 12 you said, "I don't think the combination of terrorists and cyber is a nexus that we are most worried about." In an age dominated by asymmetric warfare I would not necessarily like to rule anything out. If a terrorist organization had the capability to damage or attack our communications networks or its supporting infrastructure, would they do it?
Director BLAIR. [Deleted.]

72. Senator MCCAIN. Director Blair, are there currently any indications that any terrorist group has the intent or capability to launch a cyber attack against the United States or our worldwide interests?
Director BLAIR. [Deleted.]

73. Senator MCCAIN. Director Blair, how is the IC currently organized to address cyber threats? Is that structure adequate to address the threat? Last month, you told the House Intelligence Committee that the National Security Agency (NSA), not

the DHS, should be put in charge of network defense. Why is the NSA best suited to lead this effort?

Director BLAIR. [Deleted.]

NEGOTIATING WITH THE TALIBAN

74. Senator MCCAIN. Director Blair and Lieutenant General Maples, in late 2008 discussion about "reconciliation" with the Taliban and other insurgents gained momentum. Last week, President Obama stated in an interview that the United States was not winning the war in Afghanistan and opened the door to a reconciliation process in which the American military would reach out to elements of the Taliban. President Obama told the New York Times, "If you talk to General Petraeus, I think he would argue that part of the success in Iraq involved reaching out to people that we would consider being Islamic fundamentalists, but who were willing to work with us because they had been completely alienated by the tactics of al Qaeda in Iraq." Is it valid to consider the Sunni tribes in Anbar to be "Islamic fundamentalists" and to view them in a similar way to the Taliban?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

75. Senator MCCAIN. Director Blair and Lieutenant General Maples, the situation in Afghanistan is more complex than Iraq. What are the risks associated with opening negotiations with the Taliban at this time?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

76. Senator MCCAIN. Director Blair and Lieutenant General Maples, do you believe we are actually in a position to begin constructive dialogue with elements of the Taliban now?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

77. Senator MCCAIN. Director Blair and Lieutenant General Maples, to begin these talks we will need to have at least moderate confidence in our intelligence about whom we are about to open negotiations. Are we there yet?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

KARZAI AND THE CENTRAL GOVERNMENT OF AFGHANISTAN

78. Senator MCCAIN. Director Blair and Lieutenant General Maples, few would argue that the central government's limited writ and perceived corruption are helping sustain a Taliban insurgency, and feeding pessimism about the Afghanistan stabilization effort. President Karzai recently called for early elections in Afghanistan. Afghanistan's independent election commission subsequently rejected Karzai's call for the election to be held by April, and instead formally confirmed August 20 as the voting date. The commission cited security problems as an important factor in its decision, saying it hoped the Taliban insurgency raging in much of the countryside might be better controlled by August. Is Karzai disconnected from what is going on inside Afghanistan?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

79. Senator MCCAIN. Director Blair and Lieutenant General Maples, will there be an effective electoral opposition?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

80. Senator MCCAIN. Director Blair and Lieutenant General Maples, do you assess that Karzai will be able to address the issues of corruption and narcotics in Afghanistan?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

81. Senator MCCAIN. Director Blair and Lieutenant General Maples, does Karzai have constructive relationships with his regional neighbors?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

82. Senator MCCAIN. Director Blair and Lieutenant General Maples, can you describe relations between the governments in Kabul and Islamabad now that Musharraf has left the political scene?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

IRANIAN ACTIVITY IN AFGHANISTAN

83. Senator MCCAIN. Lieutenant General Maples, Iran is trying to restore some of its traditional sway in eastern, central, and northern Afghanistan where Persian-speaking Afghans predominate, while also gaining leverage over the United States and North Atlantic Treaty Organization (NATO) there. Although the government in Teheran has a long history of opposing Taliban rule, should we view Iran's role in Afghanistan with suspicion?
Lieutenant General MAPLES. [Deleted.]

84. Senator MCCAIN. Lieutenant General Maples, what can you tell us of the role the Qods Forces are playing in Afghanistan?
Lieutenant General MAPLES. [Deleted.]

DRUG TRADE AND COUNTERNARCOTICS OPERATIONS IN AFGHANISTAN

85. Senator MCCAIN. Lieutenant General Maples, one of the thorniest problems in Afghanistan is its flourishing drug trade, which accounts for an estimated 90 percent of the world's heroin supply. In October 2008, NATO defense ministers decided to allow International Security Assistance Forces to take on the drug traffickers who are fueling the insurgency, destabilizing Afghanistan, and killing our troops. Can you outline the general pattern of how money and drugs are used to finance the counterinsurgency?
Lieutenant General MAPLES. [Deleted.]

86. Senator MCCAIN. Lieutenant General Maples, do you believe Afghanistan is a narco-state, or approaching one?
Lieutenant General MAPLES. [Deleted.]

87. Senator MCCAIN. Lieutenant General Maples, what immediate and mid-term actions do you believe could be taken, by both the Government of Afghanistan and NATO, against the drug trade in Afghanistan that could assist in achievement of United States and NATO objectives?
Lieutenant General MAPLES. [Deleted.]

88. Senator MCCAIN. Director Blair, what role, if any, does the IC play in supporting military efforts to target and interdict drug lords and labs in Afghanistan?
Director BLAIR. [Deleted.]

89. Senator MCCAIN. Director Blair, how does the IC interface with drug enforcement organizations in this effort?
Director BLAIR. [Deleted.]

SUICIDE BOMBERS

90. Senator MCCAIN. Director Blair, Professor Robert Pape, in his book Dying to Win: The Strategic Logic of Suicide Terrorism, argues that foreign occupation is the key driving factor behind suicide terrorist attacks. "The data show," he writes, "that there is little connection between suicide terrorism and Islamic fundamentalism, or any one of the world's religions. . . . Rather, what nearly all suicide terrorist attacks have in common is a specific secular and strategic goal: to compel modern democracies to withdraw military forces from territory that the terrorists consider to be their homeland." Professor Pape wrote his book before the increase of foreign troops in Iraq during 2007 led to a reduction in the number of suicide attacks inside that country. What is your assessment of his thesis and how the surge in Iraq affects it?
Director BLAIR. [Deleted.]

91. Senator MCCAIN. Director Blair, how does the presence of foreign military forces rank among the drivers of terrorism when compared to, for example, the widespread availability of extremist education, internal repression and lack of economic opportunity, and perceived injustices in policy?
Director BLAIR. [Deleted.]

RUSSIA

92. Senator MCCAIN. Director Blair, where do you assess that Medvedev and Putin are taking the country?
Director BLAIR. [Deleted.]

93. Senator MCCAIN. Director Blair, do you assess that Russia can become a partner in counterproliferation and counterterrorism?
Director BLAIR. [Deleted.]

94. Senator MCCAIN. Lieutenant General Maples, what is the state of Russian military modernization?
Lieutenant General MAPLES. [Deleted.]

BELARUS

95. Senator MCCAIN. Director Blair, numerous press accounts have reported that the Government of Belarus has commenced a strategic outreach to the West, including a large release of political prisoners, in an effort to develop an alternative to its close ties with Russia. The European Union has responded positively. How do you assess this reported shift in orientation?
Director BLAIR. [Deleted.]

CHINA

96. Senator MCCAIN. Director Blair, China has been steadily building up its strategic and conventional capabilities since the 1990s. China publically says its 2008 defense budget was $61 billion, though the Pentagon has historically challenged Beijing's reported figures as being low. All that spending has built a capable submarine fleet, an air force stocked with Russian warplanes, improved ballistic missiles, as well as satellite surveillance, radar, and interception capabilities. While China continues to stress that its military modernization is in line with its peaceful rise in the world, what do you assess China's long-term security objectives to be?
Director BLAIR. [Deleted.]

97. Senator MCCAIN. Director Blair, what are its objectives vis-a-vis Taiwan and other territorial claims?
Director BLAIR. [Deleted.]

TERRORIST GROUPS IN SOUTH AMERICA'S TRI-BORDER AREA

98. Senator MCCAIN. Director Blair, the lawless tri-border area (TBA) of Brazil, Argentina, and Paraguay is a haven for drug smugglers and other radical groups, including sympathizers of Hamas and Hezbollah according to the 2008 State Department Country Report on Terrorism. The ability of these groups to organize, train, and raise money with near impunity should be of serious concern not only to these countries, but also to the United States. To what extent have these violent groups been able to solidify local support in the TBA?
Director BLAIR. [Deleted.]

99. Senator MCCAIN. Director Blair, in your view, are the Governments of Brazil, Argentina, and Paraguay equipped to combat the threat posed by these violent groups and break up their operational capabilities? If not, where are their shortfalls?
Director BLAIR. [Deleted.]

100. Senator MCCAIN. Director Blair, what can the IC do to assist this effort?
Director BLAIR. [Deleted.]

IRANIAN INVOLVEMENT IN LATIN AMERICA

101. Senator MCCAIN. Director Blair, in January, Secretary of Defense Robert Gates stated that he is "concerned about the level of subversive activity that the Iranians are carrying on in a number of places in Latin America, particularly South and Central America." Do you share in the Secretary's concern?
Director BLAIR. [Deleted.]

102. Senator MCCAIN. Director Blair, what steps can be taken to counter Iranian influence in the region?
Director BLAIR. [Deleted.]

HUMAN INTELLIGENCE

103. Senator MCCAIN. Director Blair and Lieutenant General Maples, through the Cold War, we largely emphasized space and signals intelligence and deemphasized human intelligence (HUMINT). On April 14, 2004, the Director of Central Intelligence George Tenet told the 9/11 Commission that it will take "5 more years to rebuild the clandestine service." As we approach the fifth anniversary of that prognostication, what is your assessment of the current state of our HUMINT capabilities?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

INTELLIGENCE SHARING AND COOPERATION

104. Senator MCCAIN. Director Blair, before the attacks of September 11, there were institutional impediments to intelligence sharing and cooperation both between the IC and law enforcement; within the IC of the United States itself; and with our allies and partners around the world. You've been on the job a little over a month and a half now. Do you have any initial impressions of the analytic capabilities of the IC?
Director BLAIR. [Deleted.]

105. Senator MCCAIN. Director Blair, how would you evaluate the current state of exchange between the agencies of the IC? With law enforcement? With our allies?
Director BLAIR. [Deleted.]

106. Senator MCCAIN. Director Blair, what impediments, if any, still exist and how would you propose remedying them?
Director BLAIR. [Deleted.]

107. Senator MCCAIN. Director Blair and Lieutenant General Maples, what can you tell us about the presence of IC analysts in Afghanistan and Iraq and the value any such analytic presence brings to the time-sensitive needs of our Armed Forces?
Director BLAIR. [Deleted.]
Lieutenant General MAPLES. [Deleted.]

CONTRACTORS

108. Senator MCCAIN. Director Blair, do you have an estimate on the number of private contractors that are used by the intelligence agencies to perform intelligence activities?
Director BLAIR. [Deleted.]

109. Senator MCCAIN. Director Blair, do you believe that these private contractors require rigorous oversight from the intelligence agencies?
Director BLAIR. [Deleted.]

110. Senator MCCAIN. Director Blair, do you believe the intelligence agencies have personnel trained and resourced to ensure that rigorous oversight is provided?
Director BLAIR. [Deleted.]

111. Senator MCCAIN. Director Blair, do you believe there are any intelligence activities that are too sensitive or too important to be conducted by contractors? If so, please identify them.
Director BLAIR. [Deleted.]

RELATIONS WITH THE SECRETARY OF DEFENSE

112. Senator MCCAIN. Director Blair, at your confirmation hearing before the Senate Select Committee on Intelligence on January 22, you said "I think we need to get rid of this artificial division in this global campaign against terrorists when the tools that are available in the DOD and the intelligence agency are both applicable and both need to be put together to get the job done. I find that operational effectiveness is in fact distorted by the way the authorities which are written for a different era come down. So I very much think we need to fix that problem." How are your relations with the Secretary of Defense?

Director BLAIR. [Deleted.]

113. Senator MCCAIN. Director Blair, how serious are the divisions you discussed between the DOD and the IC? What would you propose to fix them?

Director BLAIR. [Deleted.]

114. Senator MCCAIN. Director Blair, how do your organizations make major joint acquisition decisions?

Director BLAIR. [Deleted.]

115. Senator MCCAIN. Director Blair, are you satisfied with the current process?

Director BLAIR. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

IRAN'S NUCLEAR PROGRAM

116. Senator COLLINS. Director Blair, the International Atomic Energy Agency (IAEA) recently issued a report on the Iranian nuclear program asserting Iran now has more than 1,000 kilograms of Low Enriched Uranium—which if further enriched to weapons-grade—would be enough for a single nuclear weapon. In the past 3 months, Iran has completed the installation of nearly 1,500 new centrifuges—an increase of more than 40 percent and now has more than 5,000 operating. IAEA inspectors lack sufficient access to key Iranian nuclear facilities, and Iran continues to refuse IAEA requests for design information or access to additional locations related to many aspects of their nuclear program.

Israel's military intelligence chief said recently that Iran has "crossed the technological threshold," and its attainment of nuclear military capability is now a matter of "incorporating the goal of producing an atomic bomb into its strategy." Your assessment is different from that of the Israelis, correct? Please explain.

Director BLAIR. [Deleted.]

PAKISTAN

117. Senator COLLINS. Director Blair and Lieutenant General Maples, the political instability in Pakistan, the recent concessions to the Taliban, the assassination of former Prime Minister Benazir Bhutto, and the near constant tensions between India and Pakistan highlight the volatile security concerns in Pakistan and of its nuclear weapons. Do you believe that Pakistan's nuclear inventory is at risk of falling into the hands of terrorists?

Director BLAIR. [Deleted.]

Lieutenant General MAPLES. [Deleted.]

[Whereupon, at 12:36 p.m., the committee adjourned.]

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