

**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 TENTH CONGRESS

SECOND SESSION

—————
FEBRUARY 27, 2008
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**CURRENT AND FUTURE WORLDWIDE
THREATS TO THE NATIONAL SECURITY OF
THE UNITED STATES**

WEDNESDAY, FEBRUARY 27, 2008

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

The committee met, pursuant to notice, at 9:34 a.m. in room SD-106, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, E. Benjamin Nelson, Inhofe, Sessions, Graham, Thune, and Martinez.

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

Majority staff members present: Madelyn R. Creedon, counsel; Evelyn N. Farkas, professional staff member; Richard W. Fieldhouse, professional staff member; Michael J. Kuiken, professional staff member; Gerald J. Leeling, counsel; Thomas K. McConnell, professional staff member; Michael J. McCord, professional staff member; William G.P. Monahan, counsel; and Michael J. Noblet, professional staff member.

Minority staff members present: Michael V. Kostiw, Republican staff director; William M. Caniano, professional staff member; David G. Collins, research assistant; and Lynn F. Rusten, professional staff member.

Staff assistants present: Kevin A. Cronin, Jessica L. Kingston, and Benjamin L. Rubin.

Committee members' assistants present: James Tuite, assistant to Senator Byrd; Andrew R. Vanlandingham, assistant to Senator Ben Nelson; Jon Davey, assistant to Senator Bayh; Gordon I. Peterson, assistant to Senator Webb; Nathan Reese, assistant to Senator Inhofe; Todd Stiefler, assistant to Senator Sessions; Jason Van Beek, assistant to Senator Thune; Brian W. Walsh, assistant to Senator Martinez; and Erskine W. Wells III, assistant to Senator Wicker.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. Before we begin, let me just give you a quick report. I talked to Senator Warner a few minutes ago. He sounds great. He's going to be released from the hospital today. Our thoughts, of course, are also with Senator Byrd, and hope for a very quick recovery for our other colleague on this committee.

On behalf of the whole committee, let me welcome our witnesses to today's hearing on current and longer-term threats and the intelligence challenges around the world. We're glad to have Director of National Intelligence (DNI) Mike McConnell and Defense Intelligence Agency (DIA) Director General Maples appearing here today. 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 and the planning for military operations depend so heavily on intelligence.

For instance, we face a growing threat in Afghanistan, with the President painting a rosy picture of the situation there for the American people. Recently he said that in Afghanistan the Taliban, al Qaeda, and their allies are on the run. But on the other hand, recent independent reports by the Afghanistan Study Group and the Atlantic Council provide a very different assessment. Among the findings of these Afghanistan reports are the following. Efforts to stabilize Afghanistan are faltering. The Afghanistan Study Group reports that since 2002 "violence, insecurity, and opium production have risen dramatically, as Afghan confidence in their government and its international partners falls."

The Atlantic Council report states: "Make no mistake, the North Atlantic Treaty Organization (NATO) is not winning in Afghanistan. Instead, the security situation is a strategic stalemate," in their words, "with NATO and Afghan forces able to win any head-to-head confrontation with the Taliban, but not being able to eliminate the insurgency so long as the Taliban enjoys a safe haven across the border with Pakistan."

The anti-government insurgency threatening Afghanistan has grown considerably over the last 2 years, according to the Afghanistan Study Group. Last year was the deadliest since 2001 for U.S. and international forces there. The Taliban are relying entirely increasingly on terrorism and ambushes, including over 140 suicide bombings in 2007.

The Afghanistan Study Group report also finds that the Taliban have been able to infiltrate many areas throughout the country, intimidating and coercing the local Afghan people. The Atlantic Council report concludes: "In summary, despite efforts of the Afghan Government and the international community, Afghanistan remains a failing state. It could become a failed state."

What a contrast to the President's statement to the American public that the Taliban, al Qaeda, and their allies are on the run in Afghanistan.

The situation in Afghanistan is intimately connected to events in Pakistan. The elections held in the wake of the Bhutto assassination appear to have been relatively free of manipulation and the army may be pulling back from its domination of Pakistani politics. Some assessments of the election indicate that popular support for extremist elements is marginal. Director McConnell and Secretary Gates testified recently that they believe that Pakistan's political leaders now perceive that the lawlessness prevailing in the Northwest Frontier Province, the Federally Administered Tribal Area (FATA), and parts of Baluchistan represents a potentially mortal threat to Pakistan.

We need to understand from our witnesses how these developments might be translated into concrete gains against extremist elements in Pakistan and eliminating the sanctuary for the Taliban and al Qaeda along the Afghan border.

Secretary Gates recently testified that Pakistan's preoccupation with preparing for traditional warfare against India leaves Pakistan's army ill-equipped and ill-trained for irregular warfare in those tribal regions along the Afghan border. What are the prospects for Pakistan adjusting its security priorities and capabilities to confront tribal and religious militants? Can Pakistan's newly victorious parties overcome their historic fragility and animosity to forge a lasting turn to stable parliamentary democracy that can adopt and enforce difficult policies?

In his prepared statement for today's hearing, Director McConnell states that al Qaeda's central leadership, based in the Afghan-Pakistan border region, is "its most dangerous component." He also states that the Intelligence Community (IC) sees indications that al Qaeda's global image is beginning to lose some of its luster. It's important to be clear about whether the Director believes that this trend is likely to be lasting and how it relates to the Taliban's strength in Afghanistan and al Qaeda's growing strength in northern and eastern Africa.

Regarding Iraq, we need to understand the prospects for political reconciliation. The concern remains that, while the intensity of the violence has subsided, reconciliation, which was the purpose of the surge, is still halting and unsteady. That means that we may be merely postponing a resurgence of violence while training combatants for that resurgence.

As Director McConnell's prepared statement indicates, the political gaps between Iraqi communities remain deep. Sunnis now cooperating with U.S. forces remain hostile towards the Shiites and the Shiites still look on the Sunni groups working with the U.S. forces against al Qaeda as "thinly disguised insurgents," in Director McConnell's words, who remain committed to overthrowing the Shiite majority.

On the Shiite side, we need to know what the IC's understanding is of the Shiite militias' intentions and plans and the degree of penetration by and dependence on Iran and its agents in Iraq, how many Quds Force personnel or other Iranian personnel are operating in Iraq and what they are doing.

Director McConnell's prepared statement indicates that, despite pledges by senior Iranian officials, Iran continues to provide weapons, funding, and training to Iraqi Shiite militias.

The Iraqi parliament approved a de-Baathification law, but its likely effects remain unclear. There have been reports, for example, that the law may actually lead to fresh rounds of purges of Sunnis from government posts. Fundamental hydrocarbon legislation remains stalled. A provincial elections law that must be passed before the critically needed elections in the provinces can be held has not been adopted. Amendments to the Constitution have not even been proposed.

Turning to Iran's nuclear activities, the recent National Intelligence Estimate (NIE) concluded that Iran several years ago ceased work on warhead design and weaponization. More recently,

in Senate testimony Director McConnell said the wording of the NIE led to the misperception that Iran has abandoned its efforts to acquire nuclear weapons. He emphasized that the other two critical elements of a weapons program, uranium enrichment and a ballistic missile delivery capability, continue and continue openly.

Director McConnell further testified that the prospects for Security Council support for additional sanctions on Iran are good. We need to explore this issue carefully today, along with the Director's assessment of the meaning and significance of the International Atomic Energy Agency's (IAEA) new report on Iran's nuclear activities.

I'm going to put the balance of my statement, particularly as it relates to North Korea and the Balkan region, in the record at this point.

[The prepared statement of Senator Levin follows:]

PREPARED STATEMENT BY SENATOR CARL LEVIN

I would like to welcome our witnesses for today's hearing on current and longer-term threats and intelligence challenges around the world. We are glad to have Director of National Intelligence (DNI) McConnell and Defense Intelligence Agency (DIA) Director General Maples appearing here today.

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 and the planning for military operations depend so heavily on intelligence.

For instance, we face a growing threat in Afghanistan, with the President painting a rosy picture of the situation there for the American public. Recently, he said that in Afghanistan "The Taliban, al Qaeda, and their allies are on the run," while on the other hand, recent independent reports by the Afghanistan Study Group and the Atlantic Council provide a very different assessment.

Among the findings of these Afghanistan reports are the following:

- Efforts to stabilize Afghanistan are "faltering." The Afghanistan Study Group report finds that since 2002 "violence, insecurity, and opium production have risen dramatically as Afghan confidence in their government and its international partners falls."
- The Atlantic Council report states, "Make no mistake, North Atlantic Treaty Organization (NATO) is not winning in Afghanistan." Instead, the security situation is "a strategic stalemate," with NATO and Afghan forces able to win any head-to-head confrontation with the Taliban, but not being able to eliminate the insurgency so long as the Taliban enjoys safe haven across the border with Pakistan.
- The anti-government insurgency threatening Afghanistan "has grown considerably over the last 2 years," according to the Afghanistan Study Group. Last year was the deadliest since 2001 for U.S. and international forces. The Taliban are relying increasingly on terrorism and ambushes, including over 140 suicide bombings in 2007. The Afghanistan Study Group report also finds that "the Taliban have been able to infiltrate many areas throughout the country," intimidating and coercing the local Afghan people.
- The Atlantic Council report concludes, "In summary, despite efforts of the Afghan Government and the international community, Afghanistan remains a failing state. It could become a failed state."

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tremist elements in Pakistan and eliminating the sanctuary for the Taliban and al Qaeda along the Afghanistan border.

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On the Shiite side, we need to know what the IC's understanding is of the Shiite militias' intentions and plans, and the degree of penetration by, and dependence on, Iran and its agents in Iraq. How many Quds Force personnel, or other Iranian government agents, are operating in Iraq and what are they doing? Director McConnell's prepared statement indicates that, despite pledges by senior Iranian officials, Iran continues to provide weapons, funding, and training to Iraqi Shiite militants.

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Director McConnell further testified that the prospects for Security Council support for additional sanctions on Iran are good. We need to explore this issue carefully today along with the Director's assessment of the meaning and significance of the International Atomic Energy Agency (IAEA) new report on Iran's nuclear activities.

With respect to North Korea, many questions remain open, including whether North Korea had a highly-enriched uranium (HEU) program and, if so, whether North Korea has one today. Did the State Department Bureau of Intelligence and Research and other intelligence agencies review the notes of the October 4, 2002, meeting between U.S. and North Korean officials, where the North Koreans were confronted about an HEU program? If so, did the North Koreans admit that they had an HEU program, or was that ambiguous?

Also, a recent unclassified report on North Korea assessed that North Korea could have produced up to 50 kilograms of plutonium, enough for at least half a dozen nuclear weapons. Since the 2002 unclassified estimate was one to two weapons, that means North Korea could have produced up to five more weapons after the Agreed Framework fell apart. We hope to hear from our witnesses today what the current unclassified estimate is of the number of weapons North Korea has produced from 2002 to last year.

The key issues are whether the North Korean government will provide the required transparency into all of its nuclear programs, capabilities, and proliferation activities, and ultimately, if North Korea is prepared to completely dismantle its nuclear weapons programs. The IC assessment of this is also critical.

The Balkan region is again prominently in the news, with renewed signs of instability in Bosnia and with Kosovo's independence. Beyond the immediate regional danger of conflict and violence, there is the question of whether Russia will really follow through on threats to retaliate by fostering the independence of break-away regions of Georgia.

Before turning to Senator Inhofe for his opening remarks, and our witnesses for their testimony, I would remind everyone that we have arranged for a closed session in S-407 following this open session if that is necessary,
 Senator Inhofe.

Chairman LEVIN. Before turning to Senator Inhofe for his opening remarks and to our witnesses for their testimony, I would remind our colleagues that we have arranged for a closed session in S-407 of the Capitol following this open session if that is necessary.

Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman. Let me join you in welcoming our witnesses this morning. I'm an admirer of each one of them. Your efforts and all of those of the intelligence services are essential to our Homeland defense, to the security of our national interests, and to the men and women of the Armed Forces who are deploying around the globe.

Our Nation is currently making great demands on the intelligence system. I'm reminded, and you might remember this, Mr. Chairman, that when I came from the House to the Senate in 1994 my predecessor was David Boren. He was the chairman of the Senate Select Committee on Intelligence (SSCI). I always remember, he called me up after I was elected to replace him and said that he had one big failure in his life and that was that they've really—this proliferated type of intelligence system that we have, where one group doesn't want the other group to compete with them and all of this.

We've come a long way since then, but I keep talking to him with some regularity and he says that things are improving, but it was a problem. I can actually remember once when I was becoming familiar with the National Security Agency and what they're doing. They had some kind of a device that would go through maybe three feet of concrete. I said, that's exactly what the Federal Bureau of Investigation needs, and they implied: No, this is ours.

So we've come a long ways since then, and I'm sure that David is impressed with some of the changes.

I think the lessons we learned from the intelligence failures before September 11 lead to improvements in intelligence collections, the analysis, the coordination, and the information sharing. These improvements were required to provide our policymakers, our Armed Forces, and law enforcement officials with better tools with which to respond to a complex array of challenges.

The reforms enacted since September 11 to strengthen our IC have made significant improvements. However, constantly evolving threats and technologies require continuous vigilance. I have seen the unclassified reports of some of the successes we've had of some of the terrorist threats that have been out there that our improved intelligence has been able to avoid. In fact, I read a list of those on the floor of the Senate yesterday. I think maybe it would be bet-

ter for the classified version. I think the American people need to know that we've had a lot of successes, and nobody seems to talk about them. It's always a little awkward when someone, whether it's the President or anyone else, says we haven't had an attack since September 11. Well, that's true. Would there have been attacks? I think we all understand that there would have been, and I think we need to be talking about it.

We have a little bit of a problem this morning, Mr. Chairman. I am the ranking member on the Environment and Public Works Committee, which starts at 10 o'clock. I have a required attendance, so I'll be in and out of this hearing. But there are certain areas that I want to stay for the first round, some interests that I have, and I'd like to have them addressed.

Thank you.

Chairman LEVIN. Thank you so much, Senator Inhofe. Director McConnell?

STATEMENT OF HON. JOHN M. McCONNELL, DIRECTOR OF NATIONAL INTELLIGENCE (DNI); ACCOMPANIED BY TIMOTHY E. LANGFORD, CUBA-VENEZUELA MISSION MANAGER, DNI; BENJAMIN A. POWELL, GENERAL COUNSEL, DNI; ALAN R. PINO, NATIONAL INTELLIGENCE OFFICER FOR MIDDLE EAST, DNI; AND THOMAS FINGAR, DEPUTY DIRECTOR FOR ANALYSIS, DNI

Mr. McCONNELL. Thank you, Mr. Chairman, Senator Inhofe, and members of the committee. I'm delighted to be here. I'm pleased to be accompanied, of course, by Lieutenant General Mike Maples, the Director of the DIA. I submitted a longer classified, as you've mentioned, and unclassified statement, and that will of course cover more topics than I can in these brief remarks.

Chairman LEVIN. Your statement will be made part of the record.

Mr. McCONNELL. Thank you, sir.

In discussing the threats facing our country, let me say that the judgments I will offer are based on the efforts of thousands of patriotic, highly skilled professionals, many of whom serve in harm's way. My sincere hope is that Congress and the American people see these men and women as the skilled professionals that they are, with the highest respect for our laws and values and dedicated to serving the Nation, with courage to seek and to speak the truth to the best of our abilities.

Let me start with terrorism. I would like to highlight a few of the top counterterrorism successes of the last year, first to point out that there was no major attack, as has been noted, against the United States; also, there was no major attack against most of our European, Latin American, and East Asian allies throughout 2007. That was not an accident, as has been noted.

In concert with Federal, State, and local law enforcement, our community helped disrupt cells plotting violent attacks. For example, last summer we and our allies unraveled terrorist plots linked to al Qaeda and its associates in both Denmark and in Germany. We were successful because we were able to identify key personalities in the planning. We worked with our European partners to monitor the plotters and disrupt their activities. I would note that one of the intended targets was a U.S. facility in Europe.

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

Al Qaeda in Iraq suffered major setbacks last year. Hundreds of al Qaeda's leadership, operational, media, financial, logistics, weapons, and foreign fighter facilitator cadre have been neutralized. In addition, the brutal attacks unleashed by al Qaeda in Iraq and other al Qaeda affiliates against Muslim civilians have tarnished al Qaeda's self-styled image of the extremist vanguard.

Are we at a tipping point? Have we witnessed the decline in this radical behavior? We don't know the answer to that question, but because of some of the recent setbacks suffered by al Qaeda we're watching this very closely.

Nonetheless, al Qaeda remains the preeminent terrorist threat to the United States at home and abroad. Despite our successes, the group has retained or regenerated key elements of its capability, including top leadership, operational, middle level lieutenants, and de facto safe haven in Pakistan's border area with Afghanistan, known as the FATA.

Al Qaeda's current efforts are to recruit and train operatives for terrorist operations spread from the Middle East to Europe and to the United States.

Pakistani authorities who are our partners in this fight have helped us more than any other nation in counterterrorism operations, increasingly are determined in their counterterrorism performance, even during a period of heightened domestic transition exacerbated by the December assassination of Benazir Bhutto and the formation of a new government that will result from the elections on the 18th of February.

In 2007, at least 865 Pakistani security forces and civilians were killed by suicide bombers. In addition, almost 500 security forces and civilians were killed in armed clashes, for a total of over 1,300 people killed in Pakistan in 2007. The losses in Pakistan in 2007 exceeded the cumulative total for all years between 2001 and 2006.

Al Qaeda's affiliates also pose a significant threat. Al Qaeda in Iraq remains al Qaeda's central most capable affiliate. We are increasingly concerned that, even as coalition forces inflict significant damage on al Qaeda inside Iraq, they could deploy resources outside Iraq, and of course they remain capable of attacks inside the country such as suicide bombings that kill scores of people.

Al Qaeda's North African affiliate, al Qaeda in the Land of Islamic Magreb, based in Algeria, is active in North Africa and is expanding its target set to include U.S. and western interests. Other al Qaeda regional affiliates in the Levant, in the Gulf, Africa, and Southeast Asia maintained a lower profile in 2007, but they also remain capable of conducting strikes against U.S. interests.

Let me turn to weapons of mass destruction (WMD) proliferation. The ongoing efforts of nation-states and terrorist groups to develop and acquire dangerous weapons and delivery systems constitute the second major physical threat to our country. After conducting missile tests and its first nuclear detonation in 2006, North Korea returned to the negotiating table last year. Pyongyang has reaffirmed its September 2005 commitment to full denuclearization.

They shut down the nuclear facilities at Yongbyon and they're in the process of disabling those facilities.

But the North missed its December 31, deadline for a full declaration of its nuclear programs. Although Pyongyang continues to deny uranium enrichment programs and proliferation activities, we believe North Korea engages in both. We remain uncertain about Kim Jong Il's commitment to full denuclearizations, as promised in the Six-Party Framework.

I want to be very clear in addressing Iran's nuclear capability, as you alluded to, Mr. Chairman. First, there are three parts, as you noted, to an effective nuclear capability: fissile material, a method for delivery—ballistic missiles—and then the technical design and weaponization of the warhead itself. As you noted, we assess in our recent NIE that Iran's technical design and weapons warhead weaponization work was halted in 2003 along with a covert military effort for the production of fissile material. However, the declared uranium enrichment effort that will enable the production of fissile material continues.

Production of fissile material is the most difficult challenge in a nuclear weapons program. Also, as in the past, Iran continues its effort to perfect ballistic missiles that can reach as far as North Africa and into Europe. The earliest possible date that Iran could technically be capable of producing enough fissile material for a weapon is late 2009, although we consider that unlikely. As the estimate makes clear, Tehran halted its nuclear weapons design-related activities in response to international pressure, but is keeping open the option to develop nuclear weapons.

If Iran's nuclear weapons design program, one of the three parts of the overall program, has already been reactivated or will be reactivated, it will be a closely guarded state secret in an attempt to keep us from being aware of its true status. The Iranians have never admitted the secret nuclear weapons design work which they halted in 2003.

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

Let me turn now to a threat that hasn't been discussed much before this committee, the cyber threat. The United States' information infrastructure, including telecommunications and computer networks and systems and, most importantly, the data that reside on these systems, is critical to virtually every aspect of our modern life. Threats to our intelligence infrastructure are an important focus of this community. We assess that nation-states, which include of course Russia and China, long have had the technical capability to target U.S. information systems for intelligence collection. Think of it as data exploitation. Today those countries and others could target our information infrastructure for data degradation or data destruction. Data destruction, as opposed to data exploitation, is of increasing concern because of the potential impact

on U.S. and the global economy should such perpetrators be successful.

At the President's direction, last spring an interagency group was established to review the cyber threat to the United States. It was also tasked to identify options for countering the threats. The tasking was fulfilled with the issuance of the President's planning directive earlier this year. A program and budget has been submitted to Congress and this subject will be addressed in this budget cycle as we go throughout this year.

Let me turn now to Iraq. The security situation in Iraq continues to show signs of improvement. Security incidents countrywide have declined significantly, to their lowest level since February 2006, 2 years ago. Monthly civilian fatalities nationwide have fallen by half in the past year.

However, despite these gains, a number of internal factors continue to undermine Iraqi security. Sectarian distrust is strong throughout the Iraqi society. Al Qaeda in Iraq remains capable of conducting destabilizing operations and spectacular attacks, such as we have seen recently, despite disruptions to their network. Intercommunal violence, especially in southern Iraq, has spread beyond clashes between rival militia factions. While improving significantly over the past year, the ability of the Iraqi security force to conduct effective independent combat operations, independent of coalition operations, remains limited in the present timeframe.

Bridging differences between the competing communities and providing effective governance are critical to achieving a successful state. While slow, progress is being made. We have seen some economic gains and quality-of-life improvements for the Iraqis, but improvements in security, in governance, and the economy are not ends in themselves. Rather, they're a means for building Iraqi confidence in the central government and easing the sectarian distrust.

Let me just touch on Afghanistan. In 2007 the number of attacks in Afghanistan's Taliban-dominated insurgency exceeded that of the previous year, in part because NATO and Afghan forces undertook many more combat operations. Efforts to improve governance and extend economic development, similar to Iraq, were hampered by a lack of security in some areas in Afghanistan and limitations on government capacity.

Ultimately, defeating the insurgency will depend heavily upon the government's ability to improve security, deliver with effective government, and expand development for economic opportunity. The drug trade, as was mentioned, is one of Afghanistan's greatest long-term challenges. The insidious effects of drug-related criminality continue to undercut the abilities of the government to assert its authority, develop strong rule of law-based systems for governance, and build the economy. The Taliban, operating in poppy-growing regions of the country, gain at least some financial support through their ties to the local opium traffickers.

Let me touch briefly on China and Russia. Increases in defense spending have enabled the Russians to begin to reverse the deep deterioration in their capabilities that began before the collapse of the Soviet Union. However, the Russian military still faces significant challenges, for example in demographic trends and in health

problems. In addition, conscription deferments erode available manpower and Russia's defense industry suffers from a lack of skilled personnel.

China's military modernization program is shaped in part by the perception that a competent, modern military force is an essential element of great power status. Improvements in Chinese theater-range missile capabilities will put U.S. forces at greater risk from conventional weapons. In addition, Beijing seeks to modernize China's strategic nuclear forces to address concerns about the survivability of those systems.

If present trends in the global development of counter-space capabilities continue, both Russia and China will have increasing ability to target U.S. and intelligence satellites, as well as our command and control systems.

Let me touch on Venezuela and Cuba. The referendum on constitutional reform in Venezuela last December was a stunning setback for President Chavez. The loss may slow Chavez's movement toward authoritarian rule. The referendum's outcome has given a psychological boost to his opponents. However, high oil prices probably will enable Chavez to retain the support of his constituents, continue coopting the economic elite, and stave off the consequences of his financial mismanagement. Without question, however, Chavez's policies and politics, those that he's pursuing, have Venezuela on a path for economic ruin.

The determination of the Cuban leadership to ignore outside pressure for reform is reinforced by the more than \$1 billion net annual subsidy that Cuba receives from Venezuela. We assess the political situation probably will remain stable in Cuba during at least the initial months following—now that Fidel Castro has handed off power to his brother Raul. However, policy missteps or the mishandling of a crisis by the Cuban leadership could spark instability in Cuba, raising the risk of mass migration.

In conclusion, Mr. Chairman, issues I touched on and covered much more extensively in my statement for the record will confront us for the foreseeable future. The IC is fully committed to arming the policymakers, the warfighters, law enforcement officials, and Congress with the best intelligence that we can possibly provide.

Thank you for the opportunity to speak this morning.

[The prepared statement of Mr. McConnell follows:]

PREPARED STATEMENT BY J. MICHAEL MCCONNELL

INTRODUCTION

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 accompanied today by Lieutenant General Michael Maples, Director of the Defense Intelligence Agency.

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

You will see from the testimony that many of the key topics I touch on are not traditional "national security" topics. Globalization has broadened the number of threats and challenges facing the United States. For example, as government, pri-

vate sector, and personal activities continue to move to networked operations and our digital systems add evermore capabilities, our vulnerability to penetration and other hostile cyber actions grows. The Nation, as we indicated last year, requires more from our IC than ever before and consequently we need to do our business better, both internally, through greater collaboration across disciplines and externally, by engaging more of the expertise available outside the IC.

Many of the analytic judgments I present here have benefited from the increasing integration of collection and analysis. Our systematic effort to synchronize requirements across the national intelligence, defense, homeland security, and Federal law enforcement communities ensures collection assets will be better utilized and the collection community will be able to mount efforts to fill the gaps and needs of analysts. This more integrated community approach to analysis and collection requirements is part of the DNI's plan to transition the IC from a federation of independent intelligence organization to a reintegrated enterprise; the beginning results of this new approach are reflected in the more nuanced and deeper analysis of the challenges and threats facing the U.S.

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

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

TERRORISM

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

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

AL QAEDA

Al Qaeda in Iraq (AQI) suffered major setbacks last year, although it still is capable of mounting lethal attacks. Hundreds of AQI leadership, operational, media, financial, logistical, weapons, and foreign fighter facilitator cadre have been killed or captured. With much of the Sunni population turning against AQI, its maneuver room and ability to operate have been severely constrained. AQI's attack tempo, as measured by numbers of suicide attacks, had dropped by more than half by year's

end after approaching all time highs in early 2007. We see indications that al Qaeda's global image is beginning to lose some of its luster; nonetheless, we still face multifaceted terrorist threats.

Al Qaeda and its terrorist affiliates continue to pose significant threats to the United States at home and abroad, and al Qaeda's central leadership based in the border area of Pakistan is its most dangerous component. Last July, we published a National Intelligence Estimate titled, "The Terrorist Threat to the U.S. Homeland," which assessed that al Qaeda's central leadership in the past 2 years has been able to regenerate the core operational capabilities needed to conduct attacks in the Homeland:

- Al Qaeda has been able to retain a safehaven in Pakistan's Federally Administered Tribal Areas (FATA) that provides the organization many of the advantages it once derived from its base across the border in Afghanistan, albeit on a smaller and less secure scale. The FATA serves as a staging area for al Qaeda's attacks in support of the Taliban in Afghanistan as well as a location for training new terrorist operatives, for attacks in Pakistan, the Middle East, Africa, Europe, and the United States.
- Using the sanctuary in the border area of Pakistan, al Qaeda has been able to maintain a cadre of skilled lieutenants capable of directing the organization's operations around the world. It has lost many of its senior operational planners over the years, but the group's adaptable decisionmaking process and bench of skilled operatives have enabled it to identify effective replacements.
- Al Qaeda's top leaders Osama Bin Laden and Ayman al-Zawahiri continue to be able to maintain al Qaeda's unity and its focus on their strategic vision of confronting our allies and us with mass casualty attacks around the globe. Although security concerns preclude them from the day-to-day running of the organization, Bin Laden and Zawahiri regularly pass inspirational messages and specific operational guidance to their followers through public statements.
- Al Qaeda is improving the last key aspect of its ability to attack the U.S.: the identification, training, and positioning of operatives for an attack in the Homeland. While increased security measures at home and abroad have caused al Qaeda to view the west, especially the U.S., as a harder target, we have seen an influx of new western recruits into the tribal areas since mid-2006.

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

CHEMICAL, BIOLOGICAL, RADIOLOGICAL, AND NUCLEAR THREAT FROM AL QAEDA

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

AL QAEDA AFFILIATES

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

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

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

Al Qaeda in the Islamic Maghreb

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. We assess it represents a significant threat to U.S. and European 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 interests. AQIM likely got a further boost when the al Qaeda central leadership announced last November that the Libyan Islamic Fighting Group united with al Qaeda under AQIM's leadership. Two simultaneous suicide car bomb attacks in Algiers in December killed nearly 70 people and marked AQIM's highest profile act of violence to date. Improvements in AQIM's use of IEDs suggest the group is acquiring knowledge transmitted from extremists in Iraq.

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

Other Affiliates Worldwide

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

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

BUT AL QAEDA'S REPUTATION IS DIMMING

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

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

HIZBALLAH

The IC assesses that the 12 February death of Hizballah Jihad Council Chief Imad Mughniyah—who oversaw all Hizballah military, security, and terrorist operations will prompt retaliation against Israeli and potentially Jewish and U.S. interests. Hizballah has publicly blamed Israel for the operation but said that other "arrogant powers," probably a reference to the United States, had sought to kill

Mughniyah. Hizballah has the ability to attack almost worldwide with little warning.

THE "HOMEGROWN" THREAT

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

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

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

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

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

WEAPONS OF MASS DESTRUCTION PROLIFERATION: KEY STATES OF CONCERN

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

WMD use by most nation states is traditionally constrained by the logic of deterrence and by diplomacy, but these constraints may be of less utility in preventing the use of mass-effect weapons by terrorist groups. The time when only a few states had access to the most dangerous technologies has been over for many years. Technologies, often dual-use, circulate easily in our globalized economy, as do the scientific personnel who design and use them. The IC works with other elements of the U.S. Government on the safeguarding and security of nuclear weapons and fissile material, pathogens, and chemical weapons in select countries.

We assess that some of the countries that are still pursuing WMD programs will continue to try to improve their capabilities and level of self-sufficiency over the next decade. We also are focused on the potential acquisition of nuclear, chemical, and/or biological weapons—or the production technologies and materials necessary to produce them—by states that do not now have such programs, by terrorist organizations such as al Qaeda, insurgents in Iraq, and by criminal organizations, acting alone or via middlemen. We also are concerned about rogue or criminal elements

willing to supply materials and technology—alone or with a network—without their government’s knowledge.

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

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

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

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

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

We assess in our recent National Intelligence Estimates on this subject that warhead design and weaponization were halted, along with covert military uranium conversion- and enrichment-related activities. Declared uranium enrichment efforts, which will enable the production of fissile material, continue. This is the most difficult challenge in nuclear production. Iran’s efforts to perfect ballistic missiles that can reach North Africa and Europe also continue.

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

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

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

We do not have sufficient intelligence information to judge confidently whether Tehran is willing to maintain the halt of its nuclear weapons design and weaponization activities indefinitely while it weighs its options, or whether it will or already has set specific deadlines or criteria that will prompt it to restart those activities. We assess with high confidence that Iran has the scientific, technical, and industrial capacity eventually to produce nuclear weapons. In our judgment, only an Iranian political decision to abandon a nuclear weapons objective would plausibly keep Iran from eventually producing nuclear weapons and such a decision is inherently reversible. I note again that two activities relevant to a nuclear weapons capability continue: uranium enrichment that will enable the production of fissile material and development of long-range ballistic missile systems.

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

We continue to assess with moderate-to-high confidence that Iran does not currently have a nuclear weapon. We continue to assess with low confidence that Iran

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

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

- We judge with moderate confidence that the earliest possible date Iran would be technically capable of producing enough highly enriched uranium (HEU) for a weapon is late 2009, but that is very unlikely.
- We judge with moderate confidence Iran probably would be technically capable of producing enough HEU for a weapon sometime during the 2010–2015 timeframe. INR judges Iran is unlikely to achieve this capability before 2013 because of foreseeable technical and programmatic problems. All agencies recognize the possibility that this capability may not be attained until after 2015.

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

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

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

While North Korea's military almost certainly could not defeat South Korea, it could inflict hundreds of thousands of casualties and severe damage on the South. Missile delivery systems, including several hundred deployed Scud and NoDong missiles, which were flight-tested in July 2006, add to the threat to South Korea and extend it to Japan, including to U.S. bases in both those countries. The north's October 2006 nuclear test supports our previous assessment that it had produced nuclear weapons. The test produced a nuclear yield of less than one kiloton, well below the yield of most states' first nuclear tests. Prior to the test, North Korea produced enough plutonium for at least a half dozen nuclear weapons.

The IC continues to assess that North Korea has pursued a uranium enrichment capability at least in the past, and judges with at least moderate confidence that the effort continues today.

Pyongyang probably views its capabilities as being more for deterrence and coercive diplomacy than for warfighting and would consider using nuclear weapons only under certain narrow circumstances. We also assess that Pyongyang probably would not attempt to use nuclear weapons against 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.

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

NORTH KOREA AND SIX-PARTY TALKS

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

NUCLEAR AND COMPETITORS INDIA AND PAKISTAN

In assessing the nuclear competition between India and Pakistan, we note that missile tests and new force deployments over the past 3 years have not affected the ongoing political dialogue. Although both New Delhi and Islamabad are fielding a more mature strategic nuclear capability, they do not appear to be engaged in a Cold War-style arms race for numerical superiority.

PAKISTAN NUCLEAR SECURITY

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

THE CYBER THREAT

The 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. Therefore, threats to our IT 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 evermore capabilities, as wireless systems become even more ubiquitous, and as the design, manufacture, and service of information technology has moved overseas, our vulnerabilities will continue to grow.

STATE AND NON-STATE CYBER CAPABILITIES

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

We assess that nations, including Russia and China, have the technical capabilities to target and disrupt elements of the 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. It is no longer sufficient for the U.S. Government to discover cyber intrusions in its networks, cleanup the damage, and take legal or political steps to deter further intrusions. We must take proactive measures to detect and prevent intrusions from whatever source, as they happen, and before they can do significant damage.

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

AFGHANISTAN

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

SECURITY DETERIORATION IN THE SOUTH

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

Continued progress has been made in expanding and fielding the Afghan National Army, which as of the end of 2007 reported attaining 70 percent of its authorized 70,000 end strength. While this is an improvement, the shortage of international trainers in the field, high operational tempo, attrition, and absenteeism hamper efforts to make units capable of significant independent action. The Afghan National Police has approximately 90 percent of its authorized 82,000 end strength. While the National Police may have more forces throughout Afghanistan, corruption, insufficient training and equipment, and absenteeism hamper their effectiveness.

CENTRAL GOVERNMENT AUTHORITY AND CAPACITY

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

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

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

IRAQ: TANGIBLE GAINS IN SECURITY

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

- We judge that organized tribal resistance to AQI—aided by expanded Coalition operations—has reduced AQI's operational capabilities. Concurrently, decisions by major elements of the Sunni insurgency to work with the Coalition this year have weakened the insurgency by reducing the number of Sunnis involved in violent resistance.
- Many tribal members and former insurgents have joined "Concerned Local Citizen" groups or "tribal awakening" movements that are cooperating with the coalition and Iraqi Government. Some groups have indicated a desire to move beyond providing security. They now want to promote economic development and become political movements. They also are endorsing the legitimacy of elections and political bargaining to effect change at the provincial and national levels of government.
- A steady decline in suicide attacks—the majority of which we judge are conducted by foreign terrorists indicates that coalition disruptions of AQI's foreign terrorists have eroded AQI's capability to mount suicide operations.

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

BUT SECURITY CHALLENGES REMAIN

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

Many Sunnis who participate in local security initiatives retain a hostile attitude toward Shia parties that dominate the government, and some Shia leaders still view many anti-AQI Sunni groups as thinly disguised insurgents who are plotting to reverse the political process that brought the Shia to power.

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

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

NEIGHBORS, FOREIGN FIGHTERS FURTHER CHALLENGE SECURITY

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

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

Syrian internal security operations have contributed to the reduction in the effectiveness of AQI's Syria-based foreign terrorist facilitation networks and in the number of foreign terrorists entering Iraq; nevertheless, Syria remains the primary transit hub for Iraq-bound terrorists.

POLITICS AND GOVERNANCE: CRITICAL COMPONENTS TO IRAQ'S SECURITY

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

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

Against this backdrop, Baghdad has managed to demonstrate forward momentum on key legislation. Since August, Iraqi political leaders have overcome months of contentious debate to pass key legislation because of strong U.S. pressure and a desire on the part of Iraqi political parties to show momentum. The Council of Representatives in the past 2 months has passed a pensions law, de-Baathification reform, a provincial powers law, and an amnesty law.

Baghdad continues to struggle to enact key legislation in two areas critical for political progress: hydrocarbons and provincial elections. Provincial elections must take place before October, according to the provincial powers law, but could face delays if legislative and bureaucratic issues are not resolved by the end of March. Negotiations on hydrocarbon laws continue to be stalled by disagreements between the central government and the Kurds over control of resources and revenue sharing. Progress also has been mixed on resolving outstanding constitutional reform issues and preparing to hold provincial elections.

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

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

TURKEY

The Marxist inspired KGK maintains approximately 3,000–3,500 guerrilla fighters in its northern Iraqi camps, about 1,000–2,000 fighters inside Turkey, and several hundred in Iran and Syria and wants to establish a greater Kurdistan. The group has maintained a high-level of violence in Turkey a few months each year since it ended its 5-year old unilateral cease fire in 2004.

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

IRAN

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

- Expediency Council Chairman Rafsanjani in November called on the government to take the latest sanctions seriously, according to press.
- Ahmadi-Nejad publicly has responded by calling his critics "traitors" and threatened to publicly reveal their identities.
- In December, Rafsanjani publicly attacked Ahmadi-Nejad, likening the President's economic policies to those of the Shah an extremely unusual and pointed critique.
- Iran is on its soundest financial footing since the revolution with record high oil export revenue boosting foreign exchange Reserves to more than \$70 billion. Despite the positive financial outlook, Iran's economy is plagued by the twin problems of high inflation and unemployment, which are Iranians' top complaints. Ahmadi-Nejad's populist policies have reduced unemployment marginally, but at the expense of rising inflation, which his political rivals might try to exploit in the upcoming Majles elections.

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

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

Iranian leadership perceptions of a favorable environment are driving its foreign policy to expand Tehran's influence and leadership in the region and the Islamic world and to undermine U.S. influence, which it perceives as inimical to Iran's clerical regime. To achieve its regional aims and mitigate threats, Iran seeks to develop

a sphere of influence based on diplomatic and economic relations, religious affinities, and shared anti-U.S. sentiments. While Tehran seeks better relationships with Shia populations worldwide, it continues to be especially strident in denying Israel's right to exist.

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

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

- In the Levant, Iranian security concerns, particularly vis-a-vis Israel and the United States, and ambitions to become a dominant regional player, loyalty to allies, and concern for Lebanese Shia probably are driving Tehran's relations with Syria, Hizballah, and other regional groups. Over the longer term, differences in Iranian and Syrian goals could limit their cooperation, but barring significant changes in threat perceptions by either Syria or Iran—Tehran probably will continue providing military support to Syria.
- In Lebanon, Tehran seeks to build Iran's and Hizballah's influence to the detriment of other Lebanese communities and U.S. and Israeli interests. To enhance its role as the leader of resistance to Israel, Iran will increase its support to Palestinian terrorist groups, including HAMAS.

PAKISTAN

Pakistan is a critical partner in U.S. counterterrorism efforts, but continues to face an array of challenges complicating its effectiveness against al Qaeda and other radical Islamic elements operating in the country. These challenges include coping with an unparalleled level of suicide attacks ordered by Pakistan-based militants, many of whom are allied with al-Qaeda. At least 865 security forces and civilians were killed by suicide bombings and IEDs in 2007. Four hundred ninety-six security forces and civilians also were killed in armed clashes in 2007 to make a total of 1,360 killed in 2007. Total casualties in 2007 including the number of injured security forces and civilians exceeded the cumulative total for all years between 2001 and 2006.

Pakistan is establishing a new modus vivendi among the Army, President Musharraf, and elected civilian leaders now that Musharraf has stepped down as Army chief. These civilians, including the leaders of the Pakistan People's Party Parliamentarians (PPPP) and the Pakistan Muslim League-Nawaz (PML-N) who captured the largest vote shares on the parliamentary and provincial elections on 18 February, will seek some influence over the country's counterterrorism policies and cooperation with the United States. Pakistani authorities are increasingly determined to strengthen their counterterrorism performance, even during a period of heightened political tension that we expect to continue over the next year.

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

Over the long-term, the killing of Bhutto weakens the political party in Pakistan with the broadest national reach and most secular orientation, the PPPP. However, sympathetic voters gave the party the largest number of Assembly seats in the recently held elections. The PPPP now must craft a coalition government with other parties, some of which, like the PML-N, have signaled more confrontational stances toward president Musharraf than has the PPPP.

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

SYRIA

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

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

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

LEBANON

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

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

- Since November 2006, a Minister, a deputy chief of the LAF, and several pro-government legislators have been killed in a campaign of intimidation deepening fear among the Lebanese people that Syria, Iran, and their Lebanese cohorts will prevent Lebanon from asserting their political and economic independence.
- The pro-Syrian opposition has interfered with the government's implementation of U.N. Security Council resolutions. In violation of UNSC Resolution 1701, weapons and fighters continue to flow across Lebanon's borders to Hizballah and other terrorist organizations.

In southern Lebanon more than 13,000 United Nations Interim Force in Lebanon (UNIFIL) peacekeepers and the LAF's patrol Hizballah's stronghold. As recently as January, militants launched rockets into northern Israel from inside the UNIFIL zone and a roadside bomb killed six peacekeepers last June. Many former militias in Lebanon are reconstituting, rearming, and retraining their fighters. The increased political and sectarian tension also raises the potential for civil war within the country. Lastly, militant groups, some associated with al Qaeda, continue to threaten Lebanese internal security.

PALESTINIAN TERRITORIES

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

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

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

SAUDI ARABIA

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

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

RUSSIA AND EURASIA

Let me turn now to Russia and Eurasia. In March, Russia is set to reach what many anticipated would be an important milestone the first on-schedule change in leadership since communism and the first voluntary transfer of power from one healthy Kremlin leader to another. That milestone has been clouded, however, by President Putin's declared readiness to serve as prime minister under his hand-picked successor, Dmitry Medvedev, a move that raises questions about who will be in charge of Russia after Putin's presidential term expires in May. Coming at a time of uncertainty about Russia's direction, the Medvedev-Putin "cohabitation" raises questions about the country's future and the implications for Western interests.

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

ELEMENTS OF RUSSIA'S REVIVAL

We judge the Russian economy will continue to expand under a new leadership, although at a slower rate than over the last 8 years, given capacity constraints, the slow pace of institutional change, the impact of real ruble appreciation, and developments in the international economy. Negative longer-term demographic challenges loom and investment will remain a significant constraint, particularly in the energy sector.

Other elements of Russian national power—from trade and energy, to diplomatic instruments and military and intelligence capabilities are on a path to grow over the next 4 years. For example, Russia is positioning to control an energy supply and transportation network spanning from Europe to East Asia. Aggressive Russian efforts to control, restrict or block the transit of hydrocarbons from the Caspian to the west—and to ensure that east-west energy corridors remain subject to Russian control—underscore the potential power and influence of Russia's energy policy.

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

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

The military still faces significant challenges, and recent activity does not approach Soviet era operations. Demographic, health problems, and conscription deferments erode available manpower. Strategic nuclear forces remain viable, but Russia's defense industry suffers from overcapacity, loss of skilled and experienced

personnel, lack of modern machine tools, rising material and labor costs, and dwindling component suppliers.

EURASIA AND BALKANS IN FLUX

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

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

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

Prospects for major political change in Belarus are dim over the next year. Lukashenko's populist rhetoric, image as the defender of Belarus, and ability to keep the economy stable have maintained his high popularity. Opposition efforts to promote a pro-Western democratic agenda and build support for his ouster have gained little traction.

Central Asian Trends

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

We judge that the Balkans will remain unsettled in 2008 as Kosovo's drive for independence from Serbia comes to a head and inter-ethnic relations in Bosnia worsen. Kosovo leaders have now declared independence, a move that could trigger confrontation with rejectionist Serbs living in northern Kosovo and some retaliatory measures by Belgrade.

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

Kosovo's independence could exacerbate problems in Bosnia, where ethnic Serb leaders have warned of public protests and civil unrest in response. Fundamental differences between Bosniak and Bosnian Serb leaders over the ultimate structure of a multi-ethnic Bosnian state, fueled by increasingly strident ethnic rhetoric over the past year, have stymied most reforms required to keep Bosnia on a stabilizing path toward closer ties with the EU and NATO. However, the EU recently initialed a Stabilization and Association Agreement with Sarajevo. The international community presence in Bosnia is set to decline further in 2008. We judge the probability of interethnic violence is low absent a move by Bosnia's Serbentity, the Republika Srpska, toward secession. Any violence would put pressure on U.S. and NATO forces in the region to assist.

CHINA

China sees itself as a regional power with global interests. Its strategic priorities focus on sustaining economic growth and political stability, partly as means to reinforce China's status as a great power and to uphold its territorial integrity. Beijing sees a peaceful external environment as vital to achieving these goals. As a result,

China's global engagement is not driven by Communist ideology or military expansionism, but instead by a need for access to markets, resources, technology and expertise, and a desire to assert its role in the international community.

- All these goals have been reflected over the past few years in Beijing's expanded engagement with Africa and Latin America. China's efforts there have largely focused on gaining greater access to natural resources—especially oil—but China's involvement in these regions also helps promote its regional and global influence by burnishing China's image as a leader of the developing world. For example, Beijing has boosted its participation in African peacekeeping operations, most notably in Sudan.
- China's engagement in these regions, however, often overlooks the tendency of some developing world leaders to engage in human rights abuses or proliferation behavior—thus providing disincentives for those leaders to alter such behaviors. In addition, Beijing still engages in some activities—including arms sales—that could contribute to instability in Africa or Latin America. China's arms sales in the Middle East are also destabilizing and a threat to U.S. forces, while missile sales to Iran pose a threat to U.S. forces in the Persian Gulf.

Public statements by Chinese leaders indicate that Beijing perceives itself as being in the midst of a 20-year “window of opportunity” favorable to China's growth, development, and rise in influence. As a result, Beijing is seeking a constructive relationship with the U.S. and the rest of the world, which will allow China to fully capitalize on a favorable strategic environment. Indeed, Chinese officials consistently emphasize the need to seek cooperative relations with Washington, because conflict with the United States would risk derailing China's economic development. They also seek to alleviate international concerns about China's strategic intentions. As China's influence grows, however, Beijing probably will increasingly expect its interests to be respected by other countries. This will be especially true within East Asia, as Beijing tries to leverage its growing influence into a greater leadership role in the region.

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

DOMESTIC STABILITY, ECONOMIC CONCERNS

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

China's impressive economic growth—it is the world's second largest economy—masks significant distortions and risks, including a rigidly controlled currency that contributes to excess liquidity, wasteful investment; government policies that favor exports over domestic consumption; and a state-run banking system slowly recovering from a series of credit problems. China's demographic problem of an aging population, high incidence of chronic and infectious disease, environmental degradation, and an increasing energy crunch are likely to slow economic growth over the long-term. A sudden and sharp slowdown in China could exacerbate vulnerabilities in the global economy; hardest hit would be its neighbors who sell about 50 percent of their goods to China and commodity producers who have enjoyed high prices and expanding export volumes because of China's rising demand for raw material, metals, and food.

PEOPLE'S LIBERATION ARMY MODERNIZATION

The People's Liberation Army continues to develop a wide range of systems that increasingly could put U.S. and allied forces and bases in the region at risk. China's military modernization program is driven by the perception that a competent, mod-

ern military force is an essential element of the "great power" status to which Chinese leaders aspire. We judge that any Chinese regime, even a democratic one, would have similar goals.

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

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

Beijing seeks to modernize China's strategic forces in order to address concerns about the survivability of those systems in the face of foreign advances in strategic reconnaissance, precision strike and missile defenses. China's nuclear capabilities in terms of range, lethality, and survivability will increase rapidly over the next 10 years.

THREATS TO SPACE SYSTEMS

Potential foreign adversaries are aware of the increasing U.S. reliance on space systems and the advantages these systems provide to U.S. military and intelligence operations. Over the last decade, the rest of the world has made significant progress in developing counterspace capabilities. I expand on this threat in my classified statement for the record.

LATIN AMERICA

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

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

VENEZUELA

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

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

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

Continued Regional Activism

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

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

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

Venezuela and Iran

Chavez and Iran's President Ahmadi-Nejad have established a rapport, having visited each other seven times since 2005. Venezuela and Iran have made the most progress on the economic and energy fronts, negotiating agreements in such areas as agriculture, automobile, and tractor manufacture, petrochemicals, and oil exploration in Venezuela's Orinoco region. Venezuela and Iran also have discussed cooperation on nuclear energy, but we are not aware of any significant developments as a result of these discussions. Military cooperation between Tehran and Caracas is growing. Nevertheless, the well over \$3 billion in arms Venezuela has purchased from Russia over the past 2 years far exceeds the military sales and maintenance contracts to which Venezuela and Iran have agreed. There are growing signs of anxiety among Venezuela's neighbors about this military build-up.

Venezuela as Drug Transit Point

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

CUBA

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

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

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

dissidents continue to be harassed and to risk lengthy prison sentences for minor public criticism of the regime.

COLOMBIA

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

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

FARC leaders increasingly rely on political tactics to try to distract or restrain the government. The group’s recent release of two Colombian hostages was a bid by the FARC to gain international recognition and pressure the government into offering it a demilitarized zone. The FARC has since announced it may release three more. The Uribe government continues to work with the United States to secure the freedom of three U.S. hostages, who have been held captive for nearly 5 years. The FARC currently holds about 750 hostages.

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

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

MEXICO

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

Illegal migration, drug smuggling and associated violence, and human trafficking continue to threaten to Mexico’s internal security and the security of the U.S. southern border. Calderon’s aggressive offensive against drug-trafficker-inspired violence has led him to deploy 20,000 to 30,000 Federal police and soldiers to 10 Mexican states. A mid-year truce between major Mexican drug cartels aimed at diminishing inter-cartel violence appeared to reduce drug-related murders in certain areas last summer; but drug violence remains high and indeed, criminal violence has increased in frequency, brutality, and geographic scope. The government also faces a rejuvenated threat from a small group of domestic insurgents: bombings of Mexican oil and natural gas pipelines marked a return to violence by the radical leftist Popular Revolutionary Army (EPR). In response, Calderon has stepped up security of oil and gas pipelines.

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

AFRICA

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

THREATS TO U.S. INTERESTS IN NIGERIA

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

Nigeria's overall political stability remains fragile even though tensions surrounding elections in 2007 have diminished.

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

Violence in Kenya after a close election marred by irregularities represents a major setback in a country that had long been among Africa's most prosperous, peaceful and stable countries, and one which gradually had progressed from dictatorship to democracy. The situation remains in flux, but President Kibaki and opposition leader Raila Odinga as yet show few signs of meaningful compromise in negotiations brokered by former U.N. Secretary General Kofi Annan. The political dispute has played itself out in ethnic violence that has so far killed about 1,000 and caused over 300,000 people to flee to displaced-persons camps and a like number to the homes of friends and family. It has damaged, perhaps for the long-term, public trust in political institutions and the democratization process. Kibaki probably will do everything he can to hold onto power. Even if Annan's talks result in a negotiated settlement between the Odinga and Kibaki factions, Kenya has already entered a period of increased social tension and instability that will affect its willingness and ability to cooperate with the U.S. on regional diplomatic and counter terrorist matters.

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

Though the situation in the Democratic Republic of Congo has vastly improved since the early 2000s, fighting in the east in 2007 displaced more than 400,000 civilians and could draw in neighboring countries if it resumes. A peace agreement in January 2008 helped defuse a showdown, but warlords continue to operate auto-

mously, underscoring the fragility of Congo's post-war transition and the difficulty president Kabila will continue to have in consolidating control over the country.

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

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

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

GLOBAL ENERGY SECURITY

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

FACTORS FUELING HIGH PRICES

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

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

Ethnic and political violence and criminal activity threaten a large portion of Nigeria's 2.2 million b/d of oil output. Approximately 550,000 barrels per day (b/d) in potential oil production, about a fifth of Nigeria's production capacity, have been off line since February 2006 because of militant attacks, and probably another 100,000 b/d are stolen. Over the past 2 years, the amount shut in has been as much as 900,000 b/d. Even greater and more prolonged disruptions could occur again with no advance warning, and this fear is contributing to upward pressure on oil prices in international markets. U.S. companies have billions of dollars in investments in Nigeria. Abuja has begun to take these problems more seriously and directed national security assets to the area. However, local militias, who target oil facilities and kidnap foreign oil company personnel, will remain a persistent threat until political and other grievances are addressed.

Public statements by al Qaeda leaders indicate that terrorists are interested in striking Persian Gulf oil facilities.

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

WINDFALL FOR PRODUCERS

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

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

RISING GLOBAL FOOD PRICES

Global food prices also have been rising steadily over the past 2 years driven by higher energy prices which push up input costs, weak harvests, historically low stocks, and robust demand. Wheat prices were up over 60 percent in 2007, and are at a 20-year high. Other foodstuffs such as vegetable oils also are near records. There is little near term relief in sight because production increases in several countries, including Australia, are hampered by water shortages and land constraints. High food prices in several countries, including Russia, China, India, and Vietnam, are forcing governments to engage in market distorting practices such as banning food exports, increasing subsidies, or fixing prices. Food prices are likely to be an issue in several upcoming elections, and probably were important in the February elections in Pakistan.

The double impact of high energy and food prices is increasing the risk of social and political instability in vulnerable countries. Corn protests in Mexico, bread riots in Morocco, and recent unrest in Burma are directly linked to higher food and energy prices. Higher food prices, as well as rising transportation and logistical costs, also have outstripped global aid budgets and adversely impacted the ability of donor countries and organizations to provide food aid. For example, the World Food Program's food costs have increased by more than 50 percent over the past 5 years and are projected to grow another 35 percent by the end of the decade.

INFECTIOUS DISEASE AND U.S. SECURITY

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

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

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

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

CONCLUSION

The issues that we consider here today confront responsible citizens and their governments everywhere. I, my colleagues, and the IC we represent are fully committed to arming our policymakers, warfighters, and law enforcement officers with the best intelligence and analytic insight we can. This is necessary to enable them to take

the actions and make the decisions that will protect American lives and American interests, here and around the world.

Chairman LEVIN. Thank you, Director.
General Maples?

**STATEMENT OF LTG MICHAEL D. MAPLES, U.S. ARMY,
DIRECTOR, DEFENSE INTELLIGENCE AGENCY**

General MAPLES. Thank you, Mr. Chairman, Senator Inhofe, members of the committee. I too appreciate the opportunity to be here today and to present the information that has been developed by our defense intelligence professionals. I too have submitted an unclassified statement for the record, as requested by the committee, and I will focus my oral remarks on key military operations and capabilities, beginning with global military trends.

Among them: the availability of the knowledge and technology needed to produce and employ WMD. Longer range ballistic missiles that are growing more mobile, accurate, and harder to find. Ballistic missiles are increasingly being designed or employed to penetrate advanced air defense systems. Improvised devices and suicide weapons as weapons of choice. The growing ability to target and attack space-based communications, intelligence, surveillance, and reconnaissance assets. The proliferation of precision conventional anti-tank, anti-ship, and anti-aircraft missiles, including to non-state criminal or terrorist networks. The sophisticated ability of select nations and non-state groups to exploit and perhaps target for attack our computer networks. Lastly, efforts by potential adversaries to conceal and protect their military leadership and special weapons programs deep underground, which makes them increasingly difficult to locate and, if directed, to attack.

Turning now to ongoing operations in countries and regions of special interest. In Iraq, an improved security situation has resulted from coalition and Iraqi operations, tribal security initiatives, Concerned Local Citizen (CLC) groups, and the Jaish al-Mahdi freeze order. The trends are encouraging, but they are not yet irreversible.

Al Qaeda in Iraq has been damaged, but is still attempting to reignite sectarian violence and remains able to conduct high profile attacks. It has moved into the north, into what it hopes to be more permissive areas. It also remains committed to planning and supporting attacks against the West beyond Iraq's borders.

We have seen a decline of the movement of foreign terrorists into Iraq. The Islamic Revolutionary Guards Corps Quds Force continues to provide training, weapons, and support to groups that attack Iraqi security forces and coalition forces in Iraq. DIA has not yet seen evidence that Iran has ended this assistance.

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

Turkey has launched a limited ground incursion with supporting artillery and air strikes against the Kurdish People's Congress (KGK) in northern Iraq. Sustained operations could jeopardize stability in northern Iraq.

In Afghanistan, the United States and International Security Assistance Forces successes have inflicted losses on Taliban leader-

ship and prevented the Taliban from conducting sustained conventional operations. Despite their losses, the Taliban maintain access to local Pashtun and some foreign fighters and is employing suicide bombings, improvised explosive devices, and small arms to increase attack levels. While the insurgency remains concentrated in the Pashtun-dominated south and east, it has expanded to some western areas.

The Afghan army has fielded 11 of 14 infantry brigades. More than one-third of Afghanistan's combat arms battalions are assessed as capable of leading operations with coalition support.

In addition to the Taliban, the central government is challenged by corruption and strong narcotics trade. NATO member nations continue to debate how best to achieve counterinsurgency goals in Afghanistan. There are differences on many levels on approaches to reconciliation, reconstruction, and the use of direct combat power.

Iran continues efforts to strengthen its influence in Afghanistan using humanitarian aid, commercial trade, and some arms shipments. We believe that al Qaeda has expanded its support to the Afghan insurgency. At the same time, al Qaeda presents an increased threat to Pakistan while it continues to plan, support, and direct transnational attacks from its de facto safe haven in Pakistan's largely ungoverned Frontier Provinces. Al Qaeda has extended its operational reach through partnerships and mergers with compatible regional terrorist groups, including a continued effort to expand into Africa. Al Qaeda maintains its desire to possess WMD and, despite the death or capture of senior operatives, al Qaeda remains a threat to the domestic United States and our allies and interests overseas.

We know that al Qaeda is interested in recruiting operatives who can travel easily and without drawing scrutiny from security services. As such, Europe could be used as a platform from which to launch attacks against the United States.

Pakistani military operations in the FATA have had limited effect on al Qaeda. Pakistan recognizes the threat and realizes the need to develop more effective counterinsurgency and counterterrorism capabilities to complement their conventional forces. Pakistan has adopted a military, political, administrative, and economic strategy focused on the FATA. At present we have confidence in Pakistan's ability to safeguard its nuclear weapons.

Iran's military is designed principally to defend against external threats and threats posed by internal opponents. However, Iran could conduct limited offensive operations with its ballistic missiles and naval forces. Iran is investing heavily in asymmetric naval capabilities, modern air defense missile systems, and ballistic missiles. New capabilities include missile patrol boats, anti-ship cruise missiles, surface-to-air missile systems, and an extended range variant of the Shahab-3 ballistic missile. Iran is close to acquiring long-range SA-20 SAMs and is developing a new Ashur medium-range ballistic missile. Tehran still supports terrorist proxies, including Lebanese Hezbollah, with weapons, training, and money.

North Korea maintains large forward-positioned land forces that are, however, lacking in training and equipment. Robust artillery and mobile ballistic missiles are being sustained. The development

of the Taepo Dong-2 continues, as does work on an intermediate range ballistic missile, a variant of which has reportedly been sold to Iran.

North Korea may have several nuclear weapons stockpiled from plutonium produced at Yongbyon. We do not know the conditions under which North Korea would fully relinquish its nuclear weapons program.

China is fielding sophisticated foreign-built and indigenously produced weapons systems and is testing new doctrines that it believes will strengthen its ability to prevail in regional conflicts and counter traditional U.S. military advantages. Military modernization includes anti-ship, cruise and ballistic missiles, submarines, a cruise missile-capable bomber, and modern surface-to-air missile systems. China's missile development includes the road-mobile DF-31 Alpha intercontinental ballistic missiles (ICBM). Future ICBMs could include the JL-2 submarine-launched ballistic missile and some ICBMs with multiple independently-targeted reentry vehicles.

China successfully tested an anti-satellite missile in January 2007 and is developing counter-space jammers and directed energy weapons. China seeks to replace its historical reliance on mass conscription in favor of a more professional force, one capable of successfully engaging in modern warfare.

Russia is trying to reestablish a degree of military power that it believes is commensurate with its renewed economic strength and political confidence. Russia's widely publicized strategic missile launches, long-range aviation flights, and carrier strike group deployment are designed to demonstrate its global reach and relevance. Development, production, and deployment of advanced strategic weapons continue, including the road-mobile SS-27 ICBM and the Bulova-30 submarine-launched ballistic missile.

While Russia is making some improvements in its high readiness permanently ready conventional forces, elsewhere it is finding it difficult to improve the quality of conventional training, modernize its equipment, and recruit and retain high quality volunteers and noncommissioned officers (NCOs).

In 2007 Russia signed more than \$10 billion in arms sales, the second consecutive year of such high sales activities. Moscow is selling advanced fighters, surface-to-air missiles, submarines, frigates, main battle tanks, and armored personnel carriers.

The Levant remains tense with the potential for renewed conflict. Syria is investing heavily in advanced Russian anti-tank guided missiles, based in large part on Hezbollah's success with this weapon in the summer 2006. Continued attacks on Israel from Gaza increase the chances of Israeli military action there.

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

In summary, the United States is operating within an unusually complex environment, marked by an accelerating operational pace and a broad spectrum of potential threats. That threat spectrum is

bounded on the one side by traditional nation-states with significant military inventories and on the other by non-state terrorist or criminal networks that exploit the gaps and seams between nations, cultures, laws, and belief systems.

With the support of Congress, we continue to strengthen our ability to collect and analyze the military intelligence that policy-makers and our commanders need in order to be successful.

In conclusion, thank you for this opportunity to share with you the collective work of our defense intelligence professionals, who work shoulder to shoulder with our national intelligence, homeland security, and law enforcement counterparts. They are honored to serve our Nation. On their behalf, thank you for this committee's support and your continued confidence.

[The prepared statement of General Maples follows:]

PREPARED STATEMENT BY LTG MICHAEL D. MAPLES, USA

Good afternoon Mr. Chairman, Ranking Member McCain, and distinguished members of this committee. Thank you for this opportunity to testify on current and projected threats to the United States.

My testimony today reflects the work of thousands of collectors, analysts and support personnel, many of whom are deployed worldwide and often to dangerous and remote locations. They take great pride in providing the very best military intelligence to a broad range of customers, including the President of the United States, Congress, the Secretary of Defense, Chairman of the Joint Chiefs of Staff, the U.S. Combatant Commands, allies and our service men and women in combat.

Whether defense intelligence is informing national policy or enabling command decisions, we remain acutely aware at all times that lives depend upon on the accuracy, speed and thoroughness of our work. On behalf of the civilian and military men and women of the Defense Intelligence Agency (DIA) and across the defense intelligence enterprise, thank you for your support.

My testimony begins with an assessment of today's global strategic environment, followed by trends and developments in Iraq and Afghanistan. I will also discuss today's global terrorist threat before addressing countries, regions and transnational issues of special interest.

GLOBAL STRATEGIC ENVIRONMENT

The United States is presently operating within an unusually complex environment marked by an accelerating operational pace and a broad spectrum of potential threats. That spectrum is bounded on one side by traditional nation-state regional powers within recognized borders and armed with large military inventories and on the other by non-state terrorist or criminal networks operating in the gaps and seams between nations, cultures, laws, and belief systems.

The environment includes ongoing combat operations, ascending and aspiring regional powers, the proliferation of weapons of mass destruction (WMD), evolving alliances, competition for resources and ideological conflicts that are fueling novel challenges to the established order in regions of vital interest to the United States.

While the United States still projects a dominant influence across the world's military and security landscape, other nation-states and non-state actors are aggressively seeking advantage. Today's unprecedented access to information gives individuals and events the potential for a real-time, unfiltered worldwide audience which can influence global leadership and popular perceptions. This can compress time available for decisionmaking and the considerations that historically have been addressed separately at the tactical, operational and strategic levels of conflict.

This uncertain and dynamic environment also fosters the conditions that can simultaneously enable and mask strategic surprise, whether initiated by design or miscalculation.

In this setting, DIA collects and analyzes intelligence against a broad range of highly dissimilar potential threats and adversaries. While our priority today is to provide the best intelligence in support of current military operations, we continue to meet our additional, broader responsibilities.

CURRENT OPERATIONS

Iraq

A number of trends across Iraq turned more positive for the coalition and Iraqi Government in 2007, though none are yet irreversible.

Overall violence across the country has declined to the lowest level since April 2005 and violence against coalition forces is at the lowest level since March 2004. This is largely the combined result of coalition and Iraqi operations, tribal security initiatives, concerned local citizen groups and accommodations with former insurgents.

Muqtada Al-Sadr's "freeze" order helped lower violence levels in Baghdad and southern Iraq, although some Iranian-supported Jaysh al-Mahdi elements still target coalition and Iraqi forces, Sunni civilians and competing Shiite groups.

Al Qaeda-in-Iraq (AQI) and other active Sunni Arab insurgents moved most of their operations to more permissive northern provinces where they are trying to exploit Arab fears of Kurdish expansionism and related territorial disputes.

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. Successful coalition and Iraqi security forces (ISF) targeting of AQI leaders, the widespread emergence of local security groups through the Sahawa or Awakening movement, coalition support for local security initiatives and accommodation with former insurgents have significantly reduced the ability of AQI and other irreconcilable insurgent groups to operate in central and western Iraq. In response, AQI is targeting anti-AQI Concerned Local Citizen (CLC), or "Sons of Iraq" local security groups in Anbar, Diyala, and other provinces. AQI remains able to launch high-profile attacks. With its continued commitment to external attack planning, AQI also remains a threat beyond Iraq.

Sunni insurgent groups remain active at lower levels throughout central and northern Iraq. Some align with larger groups such as the 1920 Revolution Brigades, but most operate at a more local level.

Tribal opposition grew out of frustration with AQI's terrorist tactics against Sunni civilians and AQI encroachment upon traditional tribal authorities and economic activities. In response, some former insurgents joined the ranks of the tribal "awakening" movements in many areas. This cooperation is generally localized and rooted in the many intertwining family, tribal, and neighborhood ties between insurgents and tribes. Once they feel the threat from AQI has ended, the tribes and other reconciled Sunni groups may reconsider these alliances of convenience if they continue to feel politically disenfranchised and do not receive the economic, infrastructure and other benefits from cooperation with the coalition and the Government of Iraq (GOI) and/or believe their security is threatened. Recent passage of the Provincial Powers law, which requires provincial elections to be held by October 2008, is likely to help defuse growing inter-tribal disputes in western Iraq.

Sunni Arab relations with coalition forces have greatly improved, as have those between local Sunni security groups and the GOI despite lingering mutual mistrust. Greater stability has enabled reconstruction and the central government has recently shown more willingness to fund projects in Sunni-majority areas. Tribal awakening movements and other CLC local security groups want many of their members to be accepted into the formal ISF or receive other government and civilian jobs. In the near term, Sunni Arabs are likely to continue cooperating with coalition forces, at least partly to pressure Iraq's government to increase Sunni representation across the government and security forces and gain a greater share of resources. Some Sunni Arab groups now favor a continued U.S. troop presence primarily as a way to counter Iranian influence, although others remain opposed to a continued coalition presence.

During 2007, Shiite parties and militants increasingly fought at the local and national levels for political and security dominance, particularly over southern Iraq's religious and economic spoils. Despite the Sadrist freeze, the intra-Shiite conflict will likely continue and could intensify in the run-up to provincial elections, the coalition drawdown, the transfer of additional provinces to Iraqi control and the federalism debate.

Shiite parties in the government generally support the coalition, but want more autonomy and a bilateral security agreement with the United States. The Sadrists still strongly oppose the coalition's presence. The Iraqi Shiite religious authority (Marja'iyah) supports Sunni-Shiite reconciliation and the Iraqi Government.

Expanding Kurdish influence across northern Iraq's disputed territories is fueling ethnic tensions and violence between Kurds and Arabs. The Kurds will leverage their political and military strength to ensure that disputed areas come under Kurdish control. They seek to accomplish this through the Article 140 referendum proc-

ess and by placing Kurdish forces in key locations. Increased Kurdish economic development, resulting from regional laws passed without Baghdad's approval or blessing may exacerbate the ethnic divide.

Turkey has attempted to disrupt and degrade cross-border Kurdish terrorist activity with some limited artillery, air-strikes, and ground operations into northern Iraq. Ankara has indicated an intent to conduct additional operations against the Kurdish People's Congress, or KGK (previously called the PKK) in response to the perceived threat. A sustained, large-scale Turkish operation could jeopardize stability in northern Iraq.

Iran continues to provide money, weapons, and training, often through the Iranian Revolutionary Guards Corps-Qods Force (IRGC-QF), to some Iraqi Shiite militants despite pledges by senior Iranian officials to stop such support. The weapons include very deadly Explosively Formed Penetrators (EFPs) with radio-controlled, remote arming, and sophisticated passive infrared detonators, mortars, rockets, rocket-propelled grenades and launchers, small arms ammunition and explosives.

The IRGC-QF is part of the Iranian government. It covertly trains, funds and arms Iraqi insurgents and militias. It also offers strategic and operational guidance aimed at undermining Iraqi stability. Approximately 12,000 Iraqi Shiite operatives that had been exiled to Iran entered Iraq at the start of the war in 2003. The IRGC-QF's partner, Lebanese Hizballah, has trained Iraqi insurgents in Iraq, Iran and Lebanon. Lebanese Hizballah provides insurgents with the tactics and technology to conduct kidnappings, small unit tactical operations and employ sophisticated improvised explosive devices (IEDs), among the lessons learned from that group's operations in southern Lebanon.

One of the signature weapons of this war is the IED, which can be employed in a variety of ways. Efforts to defeat these weapons and the networks that design, build, emplace and fund them draw persistent counter-responses. The steady flow of new IED technologies and highly-creative emplacement and employment methods underscore the enemy's ability to adapt and react quickly and efficiently.

The ISF improved their overall capabilities in 2007. While the ISF is increasingly leading counterinsurgency operations, the force still depends upon coalition combat service support. Iraq's army has grown substantially with the addition of two more divisions, the decision to fill out other divisions and a new policy permitting combat units to man 120-percent over authorized levels. ISF numbers have grown partly due to more successful recruitment among recently engaged Sunni tribal leaders and former regime commissioned and noncommissioned officers. This also is increasing Sunni Arab representation in the ISF. Today, there are approximately 450,000 trained members of the ISF including army, local and national police, border enforcement, and air force, navy and special operations forces. The ISF inventory includes more than 350 armored personnel carriers, 3,000 cargo trucks, 150 tanks, 25 helicopters, 15 fixed-wing aircraft, 3 transport aircraft, and 30 patrol boats.

However, the ISF still suffers from a lack of trained, qualified, and experienced leaders at the tactical level. This fosters a climate in which individuals remain vulnerable to improper political and criminal influence. Iraq's army is trying to increase the number and quality of its leaders. A new military justice system will help enforce the rule of law. That will help security forces win popular recognition as the legitimate guarantor of Iraq's security.

The flow of foreign terrorists into Iraq and the number of associated suicide attacks have declined. The Saudi grand mufti's 1 October condemnation of foreign terrorists and Osama bin Laden's December 2007 message in which he spoke of mistakes in Iraq could weaken AQI's appeal to foreign recruits. At the same time, the nations where foreign fighters originate or transit have increased their counterterrorism efforts, especially targeting foreign fighter transport networks.

Afghanistan

Although the Taliban cannot conduct sustained conventional operations, it has increased attacks every year since 2002. Violence in 2007 grew by 33 percent over levels in 2006. Statistics also show 21 percent increases in suicide bombings and the use of IEDs and a 47 percent increase in small arms attacks. Some of these trends reflect the International Security Assistance Force's (ISAF) increased engagements in expanded operational areas.

Through violence and intimidation, the Taliban-led insurgency continues to undermine the development of a stable Afghanistan. While the insurgency remains concentrated in the Pashtun dominated south and east, it expanded in 2007 to some western areas that lack an effective security and government presence.

The Taliban play to an international audience through press releases, videos, and the Internet, sometimes with al Qaeda's support. The Taliban lost several key commanders in 2007. However, they can sustain operations with steady access to local

Pashtun and some foreign fighters. Al Qaeda's presence in Afghanistan is increasing to levels unseen since 2001–2002. Al Qaeda supports the Afghan insurgency with personnel, training and resources, particularly in Afghanistan's south and east.

Insurgents in Afghanistan have expanded their use of some tactics and techniques that have proven effective in Iraq, such as kidnappings, suicide attacks and the occasional use of EFPs, demonstrating the adaptive nature of the threat. They also still cross the porous Afghan-Pakistani border despite pledges by local tribal groups to the Pakistani government that they would remove foreign fighters from their midst while also preventing insurgent border transits.

Iran seeks to expand its influence in Afghanistan, mainly along its eastern border, while challenging the coalition's presence and influence in Afghanistan. Tehran 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.

Afghanistan's army and police forces are growing slowly and unevenly both in numbers and effectiveness. The Afghan army has made progress by fielding 11 of 14 projected infantry brigades. A third of Afghanistan's combat arms battalions can lead combat operations, albeit with coalition support. In contrast, Afghan National Police (ANP) forces still require considerable training and coalition support to fulfill their mission. The Afghan National Army has grown from 31,000 to approximately 49,000 over the last year. The ANP has grown from 56,000 to 75,000 over the same period and is expected to grow to 82,000 by the end of this year. Recent polls show that the Afghan people generally view the army as one of the most trusted Afghan institutions. However, the Afghan Government continues to struggle against violence, corruption, narcotics and foreigners opposed to a unified and strong Afghanistan.

North Atlantic Treaty Organization (NATO) member nations continue to negotiate how to achieve counterinsurgency goals in Afghanistan. Differences exist over manning levels and the relative utility of hard and soft methods, such as use of force, reconstruction and reconciliation programs. Budget constraints and competing global deployments will limit some allies from contributing more personnel and equipment to the ISAF which now includes approximately 42,000 troops from all 26 NATO and some non-NATO nations. NATO allies engaged in combat operations in Afghanistan have performed well, but low domestic support for ISAF among some allied nations will limit their willingness to engage in more direct combat due to concerns over potential casualties.

The Afghan Government is likely to progress slowly even with NATO's and ISAF's continued help. Afghanistan 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 will endure in areas where corruption persists, select Pashtun tribes remain disenfranchised, the promise of reconstruction is not kept and in areas with poor security. The Taliban insurgency and foreign terrorists will continue to attack the Afghan Government's resolve and the international community's commitment to build a stable Afghanistan.

TRANSNATIONAL TERRORIST THREAT

Still the most significant terrorist threat to U.S. interests worldwide, al Qaeda remains committed to using violence to displace western influences across the Islamic world with its own interpretation of Islamic rule.

During 2007, al Qaeda expanded its support to the Afghan insurgency, continued to plan, support, and direct transnational attacks against the west from its safe-haven inside Pakistan's ungoverned regions while also expanding the threat it poses to Pakistan itself.

We know from the past that al Qaeda is interested in recruiting operatives who can travel easily and without drawing scrutiny from security services. As such, Europe could be used as a platform from which to launch attacks against the United States.

Al Qaeda continues efforts to obtain chemical, biological, radiological, and nuclear capabilities. In September 2006, al Qaeda-in-Iraq leader Abu Ayyub al-Masri publicly called upon scientists to help the terrorist group develop such weapons. These efforts will likely persist.

Al Qaeda's threat to Pakistan itself grew in 2007, marked explicitly by Osama bin Laden's September appeal that Pakistanis rise up against President Musharraf. This is broadly consistent with previous assassination attempts against Musharraf and previous calls from other senior al Qaeda members such as Ayman al-Zawahiri.

Al Qaeda may step up attacks across Pakistan to accelerate and exploit internal instability with likely targets also including U.S. and western interests.

Osama bin Laden issued six statements between September and December 2007, his first public statements since July 2006 and first live video since October 2004. The spate of statements by the group's leaders, including Ayman al Zawahiri, signals their continued health and control over the movement despite their isolation. The messages are designed to encourage donors, enlist recruits, maintain control over the movement and discourage the west.

Al Qaeda has consistently recovered from senior leadership losses. Despite the deaths and capture of key figures, mid-level operatives rise to advance plans and operations. Al-Zawahiri and Abu Yahya al-Libi have issued statements throughout the year, but from late April to early June, several others issued statements in rapid succession, each emphasizing various themes to different audiences. They included al-Zawahiri, Abu al-Yazid, Adam Gadahn, and Abu Yahya al-Libi. This array of speakers is likely meant to signal to internal and external audiences that al Qaeda's viability transcends bin Ladin and al-Zawahiri.

Al Qaeda pursued partnerships in 2007 with compatible regional terrorist groups to extend the organization's financial and operational reach while also seeking to portray a sense of momentum under the al Qaeda brand. In November 2007, al-Zawahiri announced a merger between the Libyan Islamic Fighting Group (LIFG) and al Qaeda, following the 2006 merger with the Algerian Salafist Group for Preaching and Combat (GSPC).

Al Qaeda selects regional terrorist groups for "franchises" based upon their religious and ideological beliefs, capabilities and adherence to al Qaeda's global agenda. 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.

Regional groups believe such mergers enhance their status and strengthen their ability to recruit and raise funds. However, such mergers require most regional groups to subordinate their local agendas to al Qaeda's global aspirations, which can spark internal friction. A regional group's mistakes can also tarnish the al Qaeda brand, as AQI demonstrated in 2006–2007 when it failed to rally the Sunni Arab population to its banner and instead sparked violent tribal opposition in al-Anbar and beyond.

As these mergers multiply, the threat to U.S. and western interests may increase as new franchises adopt al Qaeda's targeting priorities, namely western interests. For example, following its 2006 merger, the GSPC—renamed al Qaeda in the Lands of the Islamic Maghreb—increased its focus on targeting western interests.

Al Qaeda's mergers with the GSPC and LIFG demonstrate its effort to expand into Africa. Lebanon may be another region ripe for al Qaeda expansion.

East Africa al Qaeda and an increasing number of associated Somali extremists operating across the largely lawless territory of Somalia continue to pose the greatest threat to U.S. and western interests across the region.

Since Ethiopia's late 2006 intervention in Somalia, anti-government militants, remnants of the Council of Islamic Courts and Somali extremists associated with the East Africa al Qaeda have regrouped mainly in Mogadishu. They conduct assassinations, bombings and suicide attacks against the Somali government, Ethiopian troops and the African Union Mission in Somalia. While regional counterterrorism operations have killed or captured some key operatives, local al Qaeda and their associates still operate with relative freedom.

Following the February 12 killing of Hizballah terrorist leader Imad Mughniyah, Hizballah publicly threatened Israel and reprisal attacks against Israeli and/or Jewish interests are likely. Hizballah has a near global reach and previously has demonstrated a retaliatory capability with attacks in Buenos Aires during the 1990s. If Hizballah perceives significant U.S. involvement, attacks against U.S. interests are also likely.

NATIONS AND REGIONS OF INTEREST

Iran

Iran's military is designed principally to defend against external threats from larger, more modest adversaries such as the United States 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 Tehran uses to drive its aggressive foreign policy. In particular, Tehran uses terrorism to pressure or intimidate other countries. More broadly, it serves as a strategic deterrent. Tehran assesses that its use of terrorism

provides benefits with few costs and risks largely because it believes it successfully conceals its involvement in such tactics. Iran continues to provide lethal aid to Iraqi Shiite militants and Afghan insurgents while simultaneously providing weapons, training and money to Lebanese Hezbollah, its strategic partner.

In recent years, weapons that are unique to the IRGC-QF and Lebanese Hezbollah have been used by Iraqi Shiite militants in anti-coalition attacks, especially EFPs. Coalition forces have also recovered Iranian-made munitions, including EFPs, in Afghanistan. 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.

Ongoing naval modernization is focused on asymmetric equipment such as fast missile patrol boats as well as anti-ship cruise missiles and naval mines. Iran recently launched an additional mini-sub and started an additional product line for the MOWJ corvette. Iranian broadcasts claim that Iranian unmanned aerial vehicles have monitored U.S. aircraft carrier operations in the Persian Gulf.

Since early 2007, Iran has begun to invest heavily in advanced air defenses, reversing decades of neglect in this arena. Iran began taking delivery of the advanced SA-15 tactical surface-to-air missile systems and in December 2007 announced it will acquire the strategic, long-range SA-20. Iran's procurement of modern surface-to-air missiles (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 through enhancements to its Basij volunteer forces, which would play a large role in an asymmetric fight.

Regular Iranian ballistic missile training continues throughout the country. Iran continues to develop and acquire ballistic missiles that can hit Israel and central Europe, including Iranian claims of an extended-range variant of the Shahab-3 and a new 2,000-km medium range ballistic missile (MRBM) called the Ashura. 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 sub-munition payloads.

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 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 3,000 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.

Tehran continues to seek dual-use biotechnical materials, equipment, and expertise which have legitimate uses, but also could enable ongoing biological warfare efforts. We assess that Tehran maintains dual-use facilities intended to produce chemical warfare agents in times of need and conducts research that may have offensive applications.

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 weapons, improved relations with the United States and a large Active-Duty Force of about 1.2 million 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 initiate major military operations against the Republic of Korea (ROK). The long-range artillery the north has positioned very near the demilitarized zone is complimented by a substantial mobile ballistic missile force with an array of warhead options to include WMD that can strike U.S. forces and our allies in the ROK and Japan. The north relies upon these capabilities to ensure its sovereignty and independence.

Development of the Taepo Dong-2, which has the potential to reach the continental United States with a nuclear payload, continues despite a failed July 2006 test launch. North Korea also continues work on an intermediate range ballistic missile.

Although North Korea has halted and disabled portions of its nuclear program, we do not know the conditions under which Pyongyang would entirely abandon its nuclear weapons capability. It could have stockpiled several nuclear weapons from plutonium produced at Yongbyon and it likely sought a uranium enrichment capa-

bility for nuclear weapons. It may also have proliferated nuclear weapons-related technology abroad. North Korea may be able to successfully mate a nuclear warhead to a mobile ballistic missile.

North Korea has had a longstanding chemical warfare program and we believe North Korea's chemical warfare capabilities probably included the ability to produce bulk quantities of nerve, blister, choking and blood agents. We believe that Pyongyang possesses a sizable stockpile of agents. North Korea has yet to accede to the Chemical Weapons Convention and is not a member of the Australia Group.

North Korea possesses a biotechnical infrastructure that could support the production of biological warfare agents. North Korea continues to research bacterial and viral biological agents that could support an offensive biological warfare program. This biological infrastructure combined with its weapons industry give North Korea a potentially robust biological warfare capability. North Korea is stable and leadership succession, should it occur due to Kim's sudden death, is more likely to be smooth than not. 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.

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 building its own sophisticated aircraft, surface combatants, submarines and weapon systems while still buying others overseas. For example, China is integrating Russian-produced *Kilo*-class submarines and *Sovremenny*-class destroyers into the Navy as well as 5-300 PMU2 surface-to-air missiles and Su-27 aircraft into the Air Force. China has developed and begun to deploy indigenous SAM systems which, together with SAMs imported from Russia, provide Beijing with a modem, layered, groundbased air defense capability to defend important assets. China bought four S-300 PMU-2 (SA-20) air defense battalions and intends to buy four more. This increases its engagement range out 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 and an increasingly modem submarine fleet and may be seeking to operate an aircraft carrier. 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. Although China may not achieve a true regional power-projection capability in the next decade, it most likely will increase maritime patrols of disputed oil fields and its Exclusive Economic Zone.

China's space and counterspace capabilities have significant implications for U.S. space-based communications, intelligence, surveillance, and reconnaissance operations in a Taiwan Strait contingency and beyond. Beijing operates communications, intelligence, surveillance and reconnaissance, navigation and Earth resource systems with military applications and will continue to field more advanced satellites through the next decade. In addition to the direct ascent anti-satellite (ASAT) program successfully tested in January 2007, China also is developing jammers and kinetic and directed-energy weapons for ASAT missions. Citing its manned and lunar space programs, China is improving its ability to track and identify satellites—a prerequisite for ASAT attacks.

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 modem 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. However, the PLA still appears to be encumbered by centralized control and a lingering mistrust of individual initiative.

China is developing missiles of all ranges. The CSS-10 Mod-X-2 (DF-31A) intercontinental ballistic missile (ICBM) can strike the continental United States and is joining China's operational inventory along with the less-capable DF-31. Other future ICBMs could include some with multiple, independently-targeted reentry vehi-

cles (MIRVs). Development continues on the conventional DF-21 (CSS-5) MRBM variants which can hold U.S. regional assets at risk.

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 roadmobile 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 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 conventional missiles able to range U.S. and allied military installations in the region. Chinese conventional missile upgrades may include maneuvering reentry vehicles with multiple constellation, satellite-aided navigation and terminal guidance.

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.

Growing capabilities in counterspace, cyber warfare, electronic warfare and long-range precision strike could help China achieve strategic surprise. Nevertheless, China's security strategy emphasizes strategic defense, which integrates diplomacy, economics and information with conventional military operations. If Beijing adheres to this strategy, we will have indications of Beijing's concerns along with warning of imminent crises.

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 2007 could be as much as \$85 to \$125 billion. China has made marginal improvements in military budget transparency, but the PLA's disclosed budget still does not include large costs for strategic forces, foreign acquisitions, military-related research and development and paramilitary forces. China's accounting opacity reflects a lack of institutional capacity as well as an unwillingness to comply with international standards for reporting military spending. China also remains reluctant to share details about its growing ASAT 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.

Russia

Russia is trying to re-establish a degree of military power that it believes is commensurate with its renewed economic strength and general political confidence. 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, increased long-range aviation flights and Kuznetsov carrier strike group deployment are meant to signal Moscow's continued global reach and relevance to domestic and international audiences.

Russia has made a major commitment of almost 5 trillion rubles to its 2007-2015 budget to develop and build new conventional and nuclear weapon systems, with Moscow's priority on maintenance and modernization of the latter.

Development and production of advanced strategic weapons such as the SS-27/TOPOL-M ICBM and the Bulava-30 Submarine Launched Ballistic Missile (SLBM) continues. In April, Russia rolled out the first *Dolgorukiy*-class ballistic missile submarine designed to carry the Bulava-30 SLBM which continues testing despite several publicized failures.

Russia is developing a new Iskander weapon system that will incorporate the SS-26/STONE short-range ballistic missile and a cruise missile. Both missile systems share common launch equipment, command and control infrastructure and can engage multiple targets in near real-time. In the future, other weapons may be incorporated into the Iskander weapons complex such as artillery and multiple rocket launchers.

Russia announced it had deployed three more Topol-M (SS-27) roadmobile ICBMs in December 2007 at Teykovo, in addition to the three Topol-Ms already on alert there since December 2006. Russian officials said they also deployed four more SS-27s in silos at Tatishevo, increasing the total to 48. Russian media reports say Russia flight-tested its developmental RS-24, a MIRVed version of the Topol-M, twice in 2007 and it expects to deploy it in 2009 after several more tests. Russia claims the MIRVed Topol-M can penetrate any missile defense.

Russia retains a relatively large stockpile of non-strategic nuclear warheads. Nuclear weapons or 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. Since the early 1990s, Russian scientists familiar with Moscow's chemical weapons development program have been publicizing information on chemical agents designed to circumvent international arms control agreements and to defeat western detection and protection measures. Such work may be continuing today.

Russia may consider using chemical or even biological agents in counterterrorism situations as demonstrated by its use of chemical incapacitants to resolve the Dubrovka Theater hostage situation in 2002.

Russian conventional force capabilities continue to also grow, albeit at a measured pace. Readiness improvements are seen primarily among the conventional "permanently ready forces" (PRF). 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 non-commissioned officer cadre.

Russia unilaterally suspended participation with the Conventional Armed Forces in Europe (CFE) Treaty in late 2007 after claiming that the agreement was outdated and biased. Moscow seeks to pressure NATO members to ratify the adapted CFE Treaty. Russia's refusal to abide by treaty equipment limits, provide required treaty data or accept or conduct inspections undermines trust and will make it harder to monitor key European security issues.

Russia opposes closer integration of former Soviet countries with the west and wants to continue its presence in the so-called "frozen conflict" areas. Peacekeeping forces in the Georgian separatist areas of Abkhazia and South Ossetia and other military forces in Moldova continue to be a major source of friction between Russia and respective national governments.

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 several countries, including Algeria, India, Iran, Syria, Venezuela, and Vietnam while new agreements with China have declined. Pending sales include advanced weapons such as MiG-29M and Su-30MK multi-role fighter aircraft, *Gepard* and *Krivak*-class frigates, *Kilo*-class submarines, BMP-3 armored infantry fighting vehicles, T-90 main battle tanks and advanced surface-to-air missile systems.

Russia will continue to produce advanced fighter aircraft for export to countries such as Venezuela, Algeria, India, and Malaysia while also seeking additional warplane sales to South America and Middle East. Moscow also continues to aggressively market its air defense systems, ballistic missile systems and related automated command and control systems to Iran, China, Syria, and other countries.

Syria

Syria is trying to balance a complex mix of objectives throughout the region, particularly in Lebanon and Iraq.

Damascus seeks improved relations with the Iraqi Government while at the same time it still harbors Iraqis with ties to insurgents and other oppositionists in Iraq.

Syria also seeks to strengthen its influence in Lebanon through its continuing support to Hizballah and other pro-Syrian allies. Its primary goal there is to ensure the selection of a president and cabinet that will accommodate Syrian interests in Lebanon. With significant influence over the Lebanese government, Syria may be able to stymie the United Nations' investigation into former Lebanese Prime Minister Hariri's assassination. More broadly, Syria wants to protect its interests in any Israeli-Lebanese peace deal and in wider Middle East diplomatic efforts.

Internally, Syria is trying to counter domestic Islamic extremists. In response to western pressure, Damascus does block some foreign terrorist movements from Syria into Iraq.

With regard to its external defense, Syria was impressed by Hizballah's combat performance against Israel in 2006 and likely will try to incorporate the terrorist group's small-unit tactics into its own military doctrine. In particular, it is trying to emulate Hizballah's successful and aggressive use of anti-tank guided missiles

(ATOMs). While its military remains in a defensive posture and inferior to Israel's forces, Syria is upgrading its missile, rocket, antitank, aircraft, and air defense inventories. It reportedly has contracted for thousands of additional Russian ATOMs. Syria is investing in ATOMs as a weapon of choice against Israeli armor and seeks the most capable missiles available. Press reports indicate that Syria may give advanced anti-tank missiles to Hizballah.

Syrian military training in 2007 focused on blocking an Israeli invasion and reportedly included increased urban and guerilla warfare training. Syrian contracts with Russia may also include new MiO-31 and MiG-29M/M2 fighter aircraft and 96K6 Pantsyr-S1E self-propelled short-range gun and missile air-defense systems. Media reports indicate that Syria successfully launched an improved version of its SCUD-D ballistic missile in 2007; one with greater accuracy and which is more difficult to intercept.

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, Damascus 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 warfare. Syria will continue to improve its chemical warfare for the foreseeable future to counter regional adversaries.

Syria also has a program to develop select biological agents as weapons. The program is judged to be in the research and development stage, with Syria's biotechnical infrastructure capable of supporting limited biological agent development. However, Syria is not known to have successfully weaponized biological agents in an effective delivery system.

Syria's ballistic missile inventory is designed to offset shortfalls in the country's conventional forces. It includes older Russian built SS-21 missiles as well as SCUD-E, 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 a subsequent round. 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 Forces 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. It may erode if Syria is accommodated significantly in any diplomatic agreement with Israel.

HAMAS' rise to power in the Gaza Strip, the split in the Palestinian Authority and the ongoing rivalry between HAMAS and Fatah complicate Israeli Palestinian peacemaking efforts. Continued attacks on Israel from the Gaza Strip increase the chances of major Israeli military action there.

Since taking control of the Gaza Strip in June 2007, HAMAS has been readying itself for an expected Israeli attack by adopting tactics similar to those Hizballah used successfully against Israel in Lebanon during 2006. Israel believes HAMAS has smuggled into the Gaza Strip, mainly through tunnels to Egypt, large quantities of arms and munitions which likely include dozens to hundreds of Soviet-era anti-tank missiles and possibly man-portable air defense systems. The military wing of HAMAS appears intent on transforming itself from a guerrilla or terrorist force into a military-style organization like Hizballah.

The Lebanese military's defeat of Fatah al-Islam militants in 2007 strengthened that national institution amidst growing instability. However, the persistent political impasse over the presidency and cabinet, the rearming of militias and Syria's effort to maintain its influence in Lebanon are significant destabilizing influences.

Al Qaeda and other Islamist terrorist groups have tried to develop support and operate in Lebanon and the Palestinian territories.

Pakistan

While Pakistan continues to strengthen its conventional and strategic forces, there is growing recognition of the need for more effective counter-insurgency and counterterrorism capabilities against the extremist threat across the Federally Administered Tribal Area (FATA) and Northwest Frontier Province (NWFP).

This new focus, however, is unlikely to displace India as Pakistan's perceived traditional, preeminent threat over the near term. Islamabad has adopted a military, political, administrative and economic strategy focused on the FATA. Pakistan has added more border posts, begun counterinsurgency training, fenced portions of the border and seeks to obtain counterinsurgency equipment while also expanding paramilitary forces.

Pakistan lacks the transport and attack helicopters and upgraded communication gear needed to prosecute more effective and sophisticated counterinsurgency operations. Much of the Pakistani army also lacks the knowledge and language skills required to successfully operate across the tribal frontier's complicated cultural terrain. While Frontier Corps troops understand the culture and region better and speak the local language, they have even less equipment and less training than the military.

Although efforts to improve these deficiencies are underway, it will take 3 to 5 years before results can be expected on the battlefield.

Recent skirmishes in Swat, NWFP, indicate that when police stand and fight, they can counter militant attacks. Because the militants are unable to sustain attacks in the face of a military response, they often muster enough forces to overwhelm paramilitary and police units and then generally break contact before the military is able to engage them.

So far, Pakistani military operations in the FATA have not fundamentally damaged al Qaeda's position in the region. The tribal areas remain largely ungovernable and, as such, they will continue to provide vital sanctuary to al Qaeda, the Taliban, and regional extremism more broadly.

Al Qaeda exploits this permissive operating environment to support the Afghan insurgency while also planning attacks against the U.S. and western interests worldwide. Together with militant groups, al Qaeda uses this sanctuary to train and recruit operatives, disseminate propaganda and obtain equipment and supplies. They consider Pakistan's army and other Pakistani government interests as legitimate targets. Former Prime Minister Bhutto's assassination underscores the threat's severity and reach.

On matters of external defense, Pakistan seeks to maintain stability and a balance of power across the region through continued improvements to its nuclear and conventional forces.

Pakistan continues to develop its nuclear infrastructure, expand nuclear weapon stockpiles and seek more advanced warheads and delivery systems. We presently have confidence in Pakistan's ability 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, with recent and growing emphasis on cruise missiles. Likely as a way of countering India's emerging anti-ballistic missile capabilities, Islamabad is building cruise missiles such as the Hatf-VII/Babur for ground-launch and the Hatf-VIII/Ra'ad for air-launch. Pakistan may pursue other launch platforms and missions for these missiles.

Meanwhile, Pakistan continues to develop the Hatf-II/Abdali short-range and the Hatf-VI/Shahen II medium-range ballistic missiles. These will join a missile inventory that already includes nuclear- and conventionally-armed short- and medium-range ballistic missiles. While Islamabad has shown no interest in developing ICBMs, Sino-Pakistani space cooperation will likely give Islamabad access to the requisite technologies.

Pakistan is modernizing conventional forces with aircraft from the United States, Chinese frigates and fighters and possibly German submarines.

Responding to media reports speculating on U.S. unilateral military action inside Pakistan's borders, Pakistani representatives have stated that any unauthorized military strike by coalition forces on Pakistani soil would be considered an "enemy act." Nevertheless, Islamabad welcomes intelligence sharing, technical cooperation and equipment and armaments in support of its counterterrorism and counterinsurgency missions.

Arabian Gulf

Gulf Cooperation Council (GCC) states remained stable despite increased reports of terrorist activity in the region during 2007. Saudi Arabia continues aggressive counterterrorism efforts while other Gulf Arab states are pursuing modest improvements of their own.

GCC states remain wary of Tehran's intentions towards Iraq, the Levant and among Gulf Shiites, but most are unwilling publicly to confront Iran's regional interference or nuclear potential. Gulf leaders prefer diplomatic solutions to these issues,

fearing that Iran could launch retaliatory strikes, cause economic disruption or interfere in their internal affairs if it is confronted with military force.

While GCC countries have individually sought to improve their defensive capabilities, they have had less success in integrating their military capabilities. An example is the unsuccessful effort to establish an integrated air defense system.

Gulf leaders believe that catastrophic sectarian civil war in Iraq would likely follow an abrupt withdrawal of U.S. forces. Most harbor reservations about Iraqi Prime Minister Nuri al-Maliki's ability to represent all Iraqi factions and make progress toward national unity. Also, they are highly suspicious of Iran's influence over the current Iraqi Government.

Southeast Asia

The Jemaah Islamiyah (JI) and Abu Sayyaf Group (ASG) are the terrorist groups that pose the greatest threat to U.S. interests in Southeast Asia. The JI, which is based mainly in Indonesia, works regionally with other Islamic extremist and separatist groups, including with the ASG, to achieve its goal of establishing a global caliphate.

In Indonesia, elite counterterrorist police units arrested the JI leader and a senior operative in June 2007; although 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 by Indonesian authorities revealed caches of weapons and explosives—clear signs that the group maintains the interest and capability to conduct attacks.

Elsewhere in Indonesia, the government continues to successfully advance the August 2005 peace accord that ended the 29-year separatist conflict in the Aceh province, with a former rebel leader elected governor during Aceh's provincial elections in December 2006. Still, sustained attention and cooperation remain necessary to prevent backsliding, particularly given reintegration and economic challenges. Sporadic separatist violence in Indonesia's Papua province and low-level insurgency in Sulawesi pose no serious security threats.

The Philippine government has successfully sustained a ceasefire in its Muslim south with the Mora Islamic Liberation Front (MILF), reaching an agreement with the MILF in November 2007 on territorial land boundaries for an expanded Muslim autonomous region. However, a comprehensive peace accord has remained elusive. Absent the resolution of the final obstacles, there is the risk of resumed fighting. While Philippine counterterrorism efforts have disrupted some attacks, ASG and other terrorists retain the capability to conduct operations.

Thailand also continues to struggle with entrenched Muslim separatist unrest in its southern-most provinces, presenting a major challenge for the recently installed democratic government in Bangkok. An estimated 2,700 people have been killed in near-daily assassinations and bomb attacks since the previous spike in violence, which occurred in 2004. Increased military operations in the South since last summer have failed to significantly impact the rate of insurgent attacks.

While the insurgency is indigenous, some local Muslim extremists proclaim their solidarity with "oppressed" Muslims worldwide. Successive Thai governments have failed to reduce insurgent violence in the South and address insurgent grievances. Despite Bangkok's increased efforts to crack down on insurgent activity, continued high-profile attacks underscore rebel resiliency. The military, which remains the dominant actor on Bangkok's policy vis-a-vis the south, will have to improve its efforts to win "hearts and minds" if underlying Muslim dissatisfaction is to be resolved entirely.

Africa

The United States faces no major military threat in Africa, although there are serious challenges to our interests.

In Nigeria, militants threaten western oil interests by attacking oil facilities, kidnapping workers, and disrupting production. The government seeks a peaceful solution, but no agreement has been reached yet and the militants themselves are divided.

Continuing post-election violence in Kenya underscores the fragility of the region's democratic institutions. The stakes are high in Kenya as it is a key U.S. ally against transnational terrorism and East Africa's major economic power.

In Sudan, humanitarian concerns in Darfur continue to escalate. The government and rebels remain at odds, despite efforts to negotiate a peaceful solution. International efforts to deploy an enlarged peacekeeping force have yet to be realized. Elsewhere in Sudan, tensions are rising over delays in implementing the north-south peace agreement.

Propped up with Ethiopian troops, Somalia's transitional government remains shaky and threatened by Islamist and clan insurgents. If the government collapses, warlords and others with terrorist affiliations are likely to refill the vacuum.

Tensions between Ethiopia and Eritrea persist, threatening a renewal of war between the two countries over a disputed border region.

Latin America

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

Despite his defeat in the recent referendum, Venezuelan President Chavez continues efforts to expand his power and confront U.S. regional influence. His government has expressed a desire to buy submarines, transport aircraft and an air defense system. Venezuela has already purchased advanced fighters, attack helicopters and assault rifles.

Colombian counterinsurgency operations have degraded FARC field units and operations and led to increased desertions. Drug trafficking organizations cooperatively ship cocaine worldwide in an effort to maintain their dominant position as global suppliers.

While Bolivia's Morales continues to consolidate power with Venezuelan and Cuban help, continued opposition efforts to derail his draft constitution and calls for regional autonomy likely will challenge and perhaps destabilize his government.

The broad support that acting 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 following Fidel Castro's announced exit.

Raul has displayed a preference for making decisions over the years in a collegial fashion. This suggests that the leadership group's consensus will inform policy-making. The Cuban military's support for Raul Castro shows no signs of reversing.

Ungoverned Regions

Ungoverned—or undergoverned—areas are territories beyond any sovereign nation's control and, as such, lie outside the reach of traditional tools of statecraft. They often serve as training and recruitment safe havens for terrorist groups, insurgents, maritime pirates, criminal networks, gray/black market arms merchants or drug traffickers. Populations within ungoverned areas serve as fertile recruiting grounds for such non-state terrorist or criminal networks.

TRANSNATIONAL ISSUES OF CONCERN

Weapons of Mass Destruction and Delivery Systems

The proliferation and potential use of WMD against U.S. forces, the American people, our allies and interests remains a grave, enduring and evolving threat.

Non-state terrorist networks continue to seek this capability while nationstates expand their WMD capabilities and the survivability, accuracy, and range of the associated delivery systems.

Since mid-2006, several 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.

Motivated by economic and strategic interests, entities in China and North Korea continue to supply technologies, components and raw materials in support of WMD and missile programs, especially across the Middle East and South Asia.

Such technology transfers have lasting consequences. China's provision of solid-propellant missile technology more than 15 years ago helped Pakistan develop the Hatf-VI/Shahen II medium-range and Hatf-II/Abdali short-range ballistic missiles. Other examples include an agreement between China and Turkey regarding a short-range ballistic missile (SRBM), Beijing's active marketing of their latest developmental SRBM, the P12; and Egyptian SCUD production from North Korea.

While some of these transferred items 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 is also commonly used in aircraft and other industries.

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. When prompted, both Russia and China have been responsive to the United States and other countries and halted some questionable transactions.

Non-governmental entities and individual entrepreneurs also remain a great concern. These organizations and the proliferation networks (front companies, shippers, facilitators) 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 programs 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 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." One example is North Korea's proliferation of ballistic missile systems based on Soviet designed SCUD missiles they acquired in the 1980s.

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 continue increasing 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 while also presenting longer ranges. 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.

Space and Counterspace

The growing distribution of space-related knowledge and technology largely through commercial uses 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 some countries and non-state groups with new or more capable communications, reconnaissance, navigation and targeting capabilities. Insurgents in Iraq, for example, have been captured in possession of commercial satellite imagery available on the Internet.

Russia and China remain the top military space and counterspace states of concern. China successfully tested an ASAT missile in January 2007. Some countries have already deployed systems with inherent ASAT capabilities, such as satellite-tracking and laser range-finding devices.

China, Russia, Germany, India, Israel, Japan, South Korea, and Sweden seek improved space object tracking and kinetic or directed energy weapons capabilities. However, these technologies are costly and most countries that want them are not expected to buy them soon. China is developing technology that could eventually be used to counter vital U.S. space-based navigation, communication and intelligence collection capabilities.

Other states and non-state groups pursue more limited and asymmetric responses that do not require large financial investments or a sophisticated industrial base. These methods include: denial and deception, electronic warfare or signal jamming and physical attacks on ground-based space assets.

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 pose the most experienced, well-resourced and capable computer network operations (CNO) threats to 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 peacetime and wartime 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 head-on against the United States may view CNO as a preferred asymmetric strategy to exploit our weakness while minimizing or degrading our traditional strengths.

China became the largest exporter of information technology in 2004, surpassing the United States and the European Union. Current trends suggest that China will soon become a major supplier to the United States. Overseas production provides opportunities for 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 cyberthreat 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 Beijing's potential hostile CNO intelligence collection activities.

Underground Facilities

Potential adversaries are going underground to deny the United States an important military advantage it has held for decades: precision-strike from the air.

Hardened and deeply buried targets (HDBTs) protect the leadership and military assets that current and potential adversaries value most. They include: command and control functions, WMD and associated delivery systems and WMD research and development. HDBTs often feature strong physical security, modern air defenses, and networked communications.

The rising importance of HDBTs to potential adversaries grows each year. Whether those nations are rogue, major, or emerging powers, they increasingly protect their important military and security assets underground. This is most true for nations that support terrorism and whose potential possession of WMD makes these facilities a special concern. Recent and rapid advances in commercially available Western tunneling technology helps these nations and non-state actors build underground sanctuaries that are effectively immune to the kinds of precision-strike weapons used by the U.S. in the 1991 Persian Gulf War.

In the 2006 conflict in Lebanon, Hizballah complicated Israeli targeting by using HDBTs to store weapons, conduct operations and launch rockets.

Major elements of Tehran's nuclear program are protected and concealed within hardened and tunneled underground facilities.

As potential adversaries improve their ability to build underground facilities, the United States will find it harder to destroy these targets successfully with conventional penetrating munitions.

Advanced and Improvised Weapons

Improvised munitions and highly-accurate long-range guided weapons help non-state actors inflict losses against technologically superior opponents at a relatively low cost and with little training.

These weapons can produce operational and even strategic-level effects beyond the battlefield when used to their maximum effect at the tactical level and publicized through the media or Internet. This 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 ATOM against Israeli ground troops and armored vehicles during the summer 2006 South Lebanon conflict. Hizballah also heavily damaged an Israeli warship with an anti-ship cruise missile, a military capability once limited to nation-states and that Hizballah was not known to possess prior to the conflict.

Very advanced and portable anti-tank and anti-aircraft missiles are increasingly available to non-state groups through uncontrolled exports, falsified end-user state-

ments, gray market transfers, ransacked armories and/or direct supply from sympathetic regimes. MANPADS were recovered in the Horn of Africa during 2007. These weapons can be used in ambush and sniper attacks against high-value and lightly-defended targets such as political facilities, vehicles, and aircraft.

The threat posed by improvised and suicide weapons, such as those used in Iraq and Afghanistan lies in the relatively low technological barrier to their construction, the relative ease in acquiring or manufacturing their ingredients and the growing availability of information about how to build and deploy them. The variety and sophistication of IEDs is largely limited only by the ingenuity of those who design, build and emplace them.

Non-State Actors

When available in combination, advanced weapons, sophisticated information technologies, ungoverned spaces and external sponsorship give non-nation-state criminal or terrorist groups the chance to develop credible military, intelligence and counterintelligence capabilities once limited to nation-states.

Largely unencumbered by traditional internal and external governance responsibilities aside from attending to their own supporters, these groups can operate beyond the reach of traditional state-craft tools such as economic and diplomatic sanctions.

The premier example is Lebanese Hizballah, a terrorist group functioning as a state within a state in South Lebanon. While the group runs substantial and diverse social, cultural, economic and political programs, it also fields significant and growing military, intelligence and counterintelligence capabilities, as it demonstrated in 2006 against Israel.

While ideology and political goals drive non-state actors such as Lebanese Hizballah, crime is a motivating factor for others. The FARC presents formidable intelligence capabilities and the group has access to hundreds of millions of dollars from drug trafficking, extortion and kidnapping.

Such non-state actors pose a significant threat to the United States mainly because they are less responsive to traditional state-craft tools. Additionally, when they serve as proxies, these groups allow sponsor nations to conduct deniable terrorist, covert action or intelligence activities.

As the proliferation of weapon and information technology accelerates, non-state actors will have more opportunities to develop very capable conventional and asymmetric military, intelligence and counterintelligence abilities, perhaps matching or even exceeding those of some advanced nations, including U.S. allies. This could further destabilize regions critical to U.S. interests.

Health Security

Infectious diseases can undermine U.S. national security and international economic stability. Pandemic influenza remains a major threat, with H5N1 avian influenza lurking in animal populations as a potential human pandemic strain. Reluctance by China and Indonesia to share avian influenza samples with international health authorities limits our ability to track changes in this dangerous virus. Drug-resistant pathogens, such as tuberculosis, also pose significant threats and are amplified in some regions by HIV co-infection. New international health regulations may increase visibility of these threats; however, lack of laboratory capacity and intentional under-reporting will continue to hamper efforts to control disease outbreaks.

Crime

Terrorist and insurgent groups that engage in commercial or criminal activity can achieve more autonomy and resilience than groups that rely mainly upon external donations. By sustaining themselves with locally-derived criminal and commercial proceeds, terrorist and insurgent groups can limit some of the constraints and vulnerabilities associated with external donor relationships. Conversely, criminality can have corrosive and divisive effects on terrorist cadres' internal cohesion, ideological commitment and discipline.

The FARC generates substantial income from the illegal drug trade, weapons smuggling, extortion, and kidnapping. Lebanese Hizballah receives some funds from associates who profit from the drug trade. Some terrorist and insurgent groups in Iraq sustain themselves with funds generated from kidnapping, smuggling, oil theft, fraud, and extortion. The Taliban also derive substantial operating resources from kidnappings and their involvement in Afghanistan's opium production.

FINAL THOUGHTS

The very complex environment in which the U.S. operates today is full of risk and threats, but also opportunities to influence and shape positive outcomes.

Our allies and potential adversaries are not set to static courses, but instead adapt and react quite quickly to changes in our common environment.

While combat operations against transnational terrorists continue, other potential threats endure and evolve. Today's current focus against the terrorist threat does not foreclose the possibility that conflict among major, nation-states could intersect vital U.S. interests. Additionally, aspiring or ascending nation-state adversaries could present direct military challenges to vital U.S. interests with little or no warning.

As such, defense intelligence must remain able to provide timely and actionable intelligence across the entire threat spectrum to policymakers and decisionmakers at all levels so they can maximize our Nation's opportunities while minimizing its risks.

In conjunction with the broader Intelligence Community, we have important structural and procedural reforms underway within DIA and across the defense intelligence enterprise. We are strengthening collection while also expanding information sharing across intelligence disciplines, agencies and with our closest allies.

In particular, we are improving the number and quality of our defense Human Intelligence (HUMINT) collectors, which prove most valuable against the hardest targets. We are standardizing the rigorous training for HUMINT collectors within DIA and across the defense intelligence enterprise while also improving their collaboration with the National Clandestine Service.

At the same time, DIA is attracting additional employees with critical language skills in areas of special interest with expanded financial incentives.

We are also reaching new levels of cooperation with our allies in analysis. There is stronger recognition today that no single agency or country possesses all the analytic depth needed to solve our toughest intelligence and military challenges.

To strengthen defense intelligence support to customers at all levels, we established the Defense Intelligence Operations Coordination Center (DIOCC) in October 2007. The DIOCC provides us the ability to focus our intelligence collection resources on the intelligence priorities of the Department of Defense and the Nation. Operating with the National Intelligence Coordination Center, we have the potential to integrate and synchronize national, defense and homeland intelligence operations and requirements.

Tying much of this together is the Department of Defense Intelligence Information System which provides a secure information backbone for the flow of classified knowledge to the U.S. and allied defense intelligence communities.

As a combat support agency, DIA is focusing even more intently on providing our regional combatant commanders with the intelligence they need to be successful in both combat and global shaping operations.

We continue to invest in our intelligence professionals through the establishment of performance standards and training programs that enhance their professional capabilities.

During this period of change and in the years ahead, 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 personnel are very proud of what they do. They are honored to have the opportunity to work on behalf of the American people. It is a privilege for me to serve with them and to have this opportunity to share their work with you today.

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

Chairman LEVIN. Thank you, General Maples.

We're going to have a first round of 8 minutes. Because of Senator Inhofe's responsibilities as ranking member on another committee, I'm going to yield first to him.

Senator INHOFE. Thank you, Mr. Chairman. I won't use the full 8 minutes.

First of all, nothing was said in the opening statements by either of you talking about the Foreign Intelligence Surveillance Act (FISA) reform that we're in the process of right now. I assume that's because in my opinion we did our job in the Senate, but it's now over there on the House side.

I'd like to have either one or both of you give us a sense of urgency as to why this is needed, if it is needed, to go ahead and get it done on the House side.

Mr. MCCONNELL. Senator, there is a sense of urgency. When the law expired, several things put us in a situation of uncertainty for the future. One, part of the law that was passed last August gave us the ability to compel the private sector to assist us. The main thing to understand about that is we can no longer do this mission and be effective without the assistance of the private sector.

So now the question is, can we compel? Now, there is a portion of that legislation that has expired that said as we put things in the system with appropriate authorization they would run for a year in the future. That's true. But what it doesn't account for are changes, new knowledge, new personalities, a new service, that sort of thing.

The other question that we're wrestling with is the issue of retroactive liability for the private sector because they cooperated with us in the past. The question was how do we deal with liability protection. In the bill that passed last August, it provided prospective, future protection, but it did not address retroactive, and that's the question.

Senator INHOFE. The immunity issue.

Mr. MCCONNELL. Yes, sir, and that's the question, because what they're faced with is they have a fiduciary responsibility, as you're aware, with the bill that passed this house with regard to their responsibility of protecting shareholder value, and some of these suits are in the billion dollar range. So that's the dilemma they face.

Senator INHOFE. Do you pretty much agree with that, General Maples?

General MAPLES. Yes, sir, I do.

Senator INHOFE. In your opening remarks, Director McConnell, you talked about the al Qaeda presence in North and Central Africa. We didn't say much about in East Africa. I've had occasion to spend quite a bit of time there, Uganda, Somalia, and Ethiopia. How do you see that? I was pleased with the cooperation we got from Ethiopia in going into Somalia. Where is that now, in an unclassified form, in terms of the al Qaeda threat in that part of northeastern Africa?

Mr. MCCONNELL. Let me start and I'll hand off to General Maples for a follow-up. They were establishing—a year, 18 months ago, al Qaeda was establishing a footprint in Somalia that had the prospects of being formidable. When the Ethiopians came in, of course, that was disrupted. For the most part, we've been able to keep it tamped down or on the run. We've traced personalities. One recently escaped into Sudan and, with cooperation there, we were able to detain him.

So the effort in East Africa was on a growth vector. It is now at best sustaining or going down, but it's not growing like it was. So it has been a success.

Senator INHOFE. Good, good.

General MAPLES. Sir, the presence is still there. We have had tremendous cooperation in that region, particularly with Ethiopia. There still of course is a concern and we have security interests

there that we need to continue to follow. The military continues to engage with our partners in that region.

Senator INHOFE. I think Prime Minister Meles has done a good job and he certainly has that commitment and talks about it.

Lastly, and this is something you might want to do for the record, I was disturbed back in the 1990s when we were downgrading our military. During that decade the procurement in China—and I believe this is accurate—increased by 1,000 percent, just totally changed where we were in 1990 as to where we are today.

I think you covered it pretty well, but when you talk about there is a nuclear problem, but I'm more concerned, quite frankly, which is the conventional buildup that they have right now. I can remember when they bought a fleet, and this was unclassified, a few years ago of the Su-27s. At that time that was better in some ways than our best strike vehicles were.

So what I'd like to have you do for the record, not to do it now, is give us an assessment as to our relative strength in both the nuclear and in conventional warfare between the two countries between about 1990 and today.

Mr. Chairman, thank you very much for allowing me to go first.
[The information referred to follows:]

[Deleted.]

Chairman LEVIN. Thank you, Senator Inhofe.

Director McConnell, the Afghanistan Study Group found that 2007 was the deadliest for American and international troops in Afghanistan since 2001, and that the anti-government insurgency has grown considerably over the past 2 years. The Atlantic Council report issued last month stated bluntly: "Make no mistake, NATO is not winning in Afghanistan," and called the situation on the ground a "strategic stalemate."

Do you agree with the Afghan Study Group's assessment that overall the insurgency in Afghanistan has grown considerably over the last 2 years?

Mr. MCCONNELL. Sir, we've seen the numbers increase over the last 2 years. We've attempted to do a baseline assessment so we could capture that, whatever that number is, and then compare it. We did a review recently to try to get a better understanding of territory that's controlled. Just to give you a number so you have a frame of reference, the Taliban was able to control the population and the area, about 10 to 11 percent of the country. The Government, on the other hand, the Federal Government, had about 31 percent, and then the rest of it was local control.

I would say one of the reasons the violence has gone up so significantly is because of the more aggressive action on the part of the United States and NATO, not all of NATO but much of it. So, therefore, the incidence of contact has gone up. What we've observed the Taliban to do, because many of their leaders have been killed or captured, is they've resorted then to the kinds of tactics used by al Qaeda in Iraq, which is a suicide bomb or roadside device. That's one of the reasons we've seen the incidents and the casualties go up.

Chairman LEVIN. So would you say overall that the Taliban and their allies are on the run in Afghanistan overall?

Mr. MCCONNELL. I would say that they've suffered significant degradation in their leadership. The way they choose to engage, Senator, is if it's a face-off with U.S. or NATO forces, they lose. So how they choose to engage is they'll fill in an area when we withdraw or they will influence a village or a region if our presence is not there.

So the question becomes—the part I try to make clear in my remarks, in my opening statement: The issue becomes, security has to be provided, but then it's also governance and opportunity that must develop.

Chairman LEVIN. Has the anti-government insurgency been contained overall, would you say?

Mr. MCCONNELL. No, sir, I wouldn't say it's contained. It's been sustained in the south. It's grown a bit in the east and we've seen elements of it spread to the west and the north. Now, that's not to say control by the Taliban. It's just presence of the Taliban.

The key, you said it in your opening remarks, Mr. Chairman. The key here, in this observer's view, is the opportunity for safe haven in Pakistan. If they can operate beyond reach in a de facto safe haven in Pakistan, it gives them the ability to train, recruit, rest, and recuperate, and then come back into Afghanistan to engage.

Chairman LEVIN. Directors, were the recent elections in Pakistan fair and transparent in your judgment?

Mr. MCCONNELL. Yes, sir. All the reporting I saw is they were, by Pakistani standards, reasonable and fair, and the numbers of people voting were a little higher than we anticipated, a little higher than average for Pakistan. It was over 40 percent.

Chairman LEVIN. Would you assess that the elections represent a repudiation of Islamic extremism?

Mr. MCCONNELL. What I would highlight is those Islamic extremists that had been serving in the assembly were defeated in this election. So at that level, the parties that won are more secular. So there is some level of repudiating extremism.

Chairman LEVIN. But is there some element of repudiation of army rule in the outcome?

Mr. MCCONNELL. I would agree with that. We're watching very closely now to see how the coalition is formed, who the members will be, who the prime minister might be. Of the two parties, the two largest winners, they will probably form a coalition. They've already announced that they would, the Pakistan People's Party and former Prime Minister Sharif's party. Sharif has an agenda to impeach President Musharraf. Both those parties do not have the votes to do that, but if they had independents join them they could possibly have the votes.

Chairman LEVIN. Senator Inhofe raised the FISA issue and I want to just get some facts straight on this. As I understand it, last Friday night the last of the private sector partners, the telecom partners, agreed to cooperate with us. Was that true?

Mr. MCCONNELL. We've negotiated for 6 days and came to closure on Friday night, yes, sir.

Chairman LEVIN. So is it true then that as of last Friday night they agreed to cooperate with us?

Mr. MCCONNELL. They did, sir.

Chairman LEVIN. On a voluntary basis?

Mr. MCCONNELL. For the subject matter as a part of the debate. The question is the uncertainty going forward, will they do it again.

Chairman LEVIN. But as to what we were asking them to do, they agreed to do it?

Mr. MCCONNELL. Yes, sir.

Chairman LEVIN. Did you notify the White House of that agreement?

Mr. MCCONNELL. As soon as we had the information, we did two things: We notified Congress and the White House, and issued a press statement.

Chairman LEVIN. So that would have been what, Friday night?

Mr. MCCONNELL. I think it was late Friday night, yes, sir. I don't think we had the press statement out until early Saturday morning.

Chairman LEVIN. Do you remember when you notified the White House?

Mr. MCCONNELL. I'd have to get that time for you, sir.

Chairman LEVIN. Would you do that?

[The information referred to follows:]

The White House staff was notified at about 8 p.m., Friday, February 22.

Chairman LEVIN. If we extended the law, would that be valuable to you, the Protect America Act? If we extended that law, would it be valuable?

Mr. MCCONNELL. It would do several things for us. It wouldn't answer a critical question. What it would do for us is it would put the opportunity, the possibility of compelling the private sector to help, back in; and it would answer the question of prospective liability protection. Of course, what it leaves unanswered is the question of retroactive liability protection.

Chairman LEVIN. But for that issue, would it be valuable?

Mr. MCCONNELL. Yes, sir, it would be valuable. What we were concerned about, of course, is as we engage the carriers and they're subjected to this potential huge financial loss, would their cooperation be assured in the future? So that's the issue that we've been—

Chairman LEVIN. But actually, that extension would compel their cooperation, wouldn't it?

Mr. MCCONNELL. It could compel their cooperation. But, sir, let me make this very clear.

Chairman LEVIN. You say could. It does compel.

Mr. MCCONNELL. Yes, but let me make clear. Compelling cooperation for a specific activity is one thing. Having a partner to engage with you in an activity that's dynamic and fast-moving and global is another set of conditions. We need their participation and partnership in the broader context, not just compelling a specific act.

Chairman LEVIN. But as a matter of fact, when you say the issue is whether we can compel—that's what you just said here a few minutes ago—we can compel their cooperation, can't we?

Mr. MCCONNELL. Not today, no, sir.

Chairman LEVIN. If we extended the bill?

Mr. MCCONNELL. If we extend the bill, yes, sir.

Chairman LEVIN. We can compel?

Mr. MCCONNELL. We can compel. That's what's in the bill.

Chairman LEVIN. Do you favor compelling?

Mr. MCCONNELL. Yes, sir.

Chairman LEVIN. I know you favor a broader approach. But do you favor a bill extending this law so we can compel their cooperation?

Mr. MCCONNELL. I'm sorry. You're working me into a corner.

Chairman LEVIN. I'm doing my best.

Mr. MCCONNELL. Yes, sir, I know you are.

Let me be very clear.

Chairman LEVIN. But I think you have to also give us straight answers here.

Mr. MCCONNELL. I'm giving you as straight as I can, sir.

Chairman LEVIN. Is it valuable that we compel their cooperation?

Mr. MCCONNELL. Congress has a disagreement with the administration and I'm trying to give a straight answer. So just let me do that, if I may.

A law that compels is in the interests of this community. A law that provides prospective liability protection is in the interests of this community to do our job. I would add: It's also absolutely essential in this observer's point of view that we have the retroactive liability protection, for the same reason: We have to have partners that willingly cooperate with us.

Chairman LEVIN. So it's valuable to have it, that retroactive? In your judgment it's valuable.

Mr. MCCONNELL. Yes, sir.

Chairman LEVIN. If in order to achieve that we indemnified the companies against liability, would that be valuable?

Mr. MCCONNELL. I'd have to understand what "indemnity" means here. If you mean substitution or—there are some issues with that, as we've discussed.

Chairman LEVIN. But would that be valuable?

Mr. MCCONNELL. Liability protection would be valuable. Now, sir, you're a lawyer and I'm not. If you use a term I don't understand I may give you the wrong answer.

Chairman LEVIN. If you don't understand it then I won't pursue it. If you don't understand "indemnification"—

Mr. MCCONNELL. I know what "indemnification" is, but you're accomplished at this as a lawyer; I am not. So what I'm saying is I need liability protection.

Chairman LEVIN. That's fine. Thank you.

I think we're back to the regular order, but on this side there is no one present. So who is next on the Republican side? I think Senator Martinez was next.

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

I'm not accustomed to being this far up the lineup.

Chairman LEVIN. I caught you by surprise. I apologize.

Senator MARTINEZ. You did indeed, but I'll recover.

I presume that if it was anything else beyond what you said in your opening statement regarding FISA, that you said in the ques-

tioning, I should invite you to clarify further now if you didn't fully. You continue to believe that it is vital for you to have the types of protections that were in the Senate-passed bill?

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

Senator MARTINEZ. Which includes retroactive immunity?

Mr. MCCONNELL. Yes, sir, that's correct. If I could take just a second to answer your question, this may be helpful. For me this is a fairly simple proposition. What's the purpose of this law? Why do we even have this law? When Congress wrestled with it in the late 1970s, the purpose was to allow our community to do foreign intelligence collection and to protect Americans.

The bill this body passed not only allows us to do foreign intelligence, regardless of where we do the intercept of the activity—and that was the key because the old law said if you obtained it in this country you had to have a warrant, and we couldn't keep up with that. So it gives us the ability to do foreign intelligence and it provides warranted protection for a U.S. person anywhere on the globe.

So if you strip everything else out of it, why do we have this law? Let us do foreign intelligence, let us protect U.S. persons. That's where we are and that's what we need to do.

Now, the mechanics of that is we can't do it without the private sector and they're in a difficult situation right now because they're being sued for assisting us. That's why I'm very strongly in favor of liability protection retroactively.

Senator MARTINEZ. Which is assistance that they provided in good faith, at the request of the government, when they were told that in fact the government desperately needed their cooperation and that it was legal for them to do so.

Mr. MCCONNELL. Yes, sir. The words you use are "good faith" and those are exactly the right words in my view. The SSCI worked with us for months to go through every detail, to look at all the records and so on. Their conclusion in the report they issued was that, one, we can't do it without the private sector help; and two, they cooperated in good faith. "Good faith" are the words in the Senate report.

So I think they captured the right description.

Senator MARTINEZ. Let me take you to the Middle East and the situation in Israel. You discussed it during your testimony, and it is clear that the continuing violence against Israel—did I understand you correctly to say that in your opinion and in your view the cooperation of Iran with terrorist organizations like Hezbollah has continued and continues and is a—

Mr. MCCONNELL. Yes, sir. The support from Iran to Hezbollah, is one of the principal threats to Israel; financial, weapons, and training support are significant from Iran to Hezbollah. In addition, what I would highlight is Hezbollah has gone to Iran for training, set up training camps, and they've taken some of the Shi'ite militia in Iraq out of Iraq, over to Iran, trained them, and then with Hezbollah supervision come back into Iraq to attack coalition forces.

So Iran's behavior here is not only directed against Israel, it's also directed against U.S. and coalition forces.

Senator MARTINEZ. In your estimation that is undiminished?

Mr. McCONNELL. There has been some rhetoric that they would reduce it. We are currently making a very concerted effort to determine if we can prove that there's any reduction, and this is the dilemma we have. Their calendar year starts next month. When they make weapons, rockets, and so on, they put a date on it. Right now we have 2006, 2007, mint condition, but we don't yet have one with a 2008 date. Does that mean they haven't done it in the last few months or they're waiting to start dating it 2008 in March? So that's a question we're trying to sort out right now.

Senator MARTINEZ. If we can go to Latin America, and I know you discussed the situation in Colombia and the FARC. Some time in the recent days President Chavez of Venezuela indicated that the FARC was not a terrorist organization. Would you agree with me that that is a huge misstatement?

Mr. McCONNELL. A huge mistake, yes, sir. He's doing that for political advantage and rhetoric. Nothing could be further from the truth.

Senator MARTINEZ. General?

General MAPLES. Absolutely agree.

Senator MARTINEZ. I wanted to continue on that vein. You did suggest that in his setback with the referendum, which would have made him essentially president for life, I guess—

Mr. McCONNELL. Yes, sir.

Senator MARTINEZ.—that his move towards authoritarian rule may have slowed. I've not seen any evidence of that. Obviously, to the extent that he did take a huge defeat politically and the people spoke clearly, that was a setback. But he continues to be an authoritarian ruler and increasingly more so every day; is that correct?

Mr. McCONNELL. Yes, sir. What we're hopeful of is that the opposition that was generated by that vote would generate itself in a more forceful way. So his rhetoric is not appealing as broadly as it did. So has the tide turned? We don't know. We'll stay engaged.

Senator MARTINEZ. His buildup of military forces, equipment, particularly assault rifles, in my estimation goes beyond the needs of what Venezuela would need for its internal defense.

Mr. McCONNELL. Yes, sir, probably three or four times more than what he would need.

Senator MARTINEZ. Does that suggest to you that perhaps his intentions are to destabilize neighboring governments, particularly Colombia, and to assist the FARC?

Mr. McCONNELL. It could very well be.

General MAPLES. Sir, I would say on that, though, that for the rifles he has been in receipt of, we haven't seen a distribution in that direction. We have seen them go into armories, and we do hear discussion within Venezuela about using asymmetric kinds of capabilities and tactics and empowering the population in some way, in a home guard sense.

Mr. McCONNELL. So it's really forming—one of the thoughts is forming an internal militia to enforce his authoritarian rule.

Senator MARTINEZ. Within the country?

Mr. McCONNELL. Within the country, yes, sir.

Senator MARTINEZ. The recent succession in Cuba of Raul Castro to power, I was disappointed in the fact that it seemed to be the

same old faces in rearranged position, particularly folks who present no new ideas or any real indication of change. My understanding is that there's been great disappointment in the Cuban people, who had hoped for maybe a little breathing room.

My concern now arises, for the first time in some time, that we may be viewing an increase in migration in the Florida Straits. Have you seen anything regarding that or is there any information you can share with us on that?

Mr. MCCONNELL. We're alert to it. We're concerned about it. But nothing we've seen yet. Sir, the way I would characterize it is in essence what we're seeing in Cuba is not unlike what we witnessed in Russia to some extent, with the older generation hanging on. The key in my view is going to be fourth generation, and we've seen in some of our collection efforts and understanding the fourth generation, they're thinking new thoughts and they're asking hard questions. So how do you get from the first generation of the revolution to the fourth generation, that's going to be the question. What my concern is, is there going to be some instability in that process?

Senator MARTINEZ. But with the current leadership there is really no change?

Mr. MCCONNELL. No change, none.

Senator MARTINEZ. In policy and attitudes or anything else. My information is that there's been also an uptick in repression internally. I don't know whether you've seen that as well.

Mr. MCCONNELL. Similar, and the person that Raul brought in as his number two is someone older than he is, who was an original participant in the revolution. So no change is the objective.

Senator MARTINEZ. A real hard-liner.

Mr. MCCONNELL. Yes, sir.

General MAPLES. Sir, I think that that is something we need to watch over the next 6 or 7 months, because I think there may be an expectation on the part of the population to see where a new presidency will go, and a failure to deliver could increase concerns. Something we have to be attuned to, as Director McConnell mentioned, is looking for any indicators that the dissatisfaction is going to reach a level where a migration from the island might take place. We're going to be very attuned to looking for those indicators.

Senator MARTINEZ. There's no question that that is a real possibility. My continued interest is in the fact that what the goal of our policy towards Cuba would be to see a democratic change, and the only concern we have vis-à-vis that you should not just fear a mass migration, although that is a direct threat to our security and we should view it as such. The fact is I think also that there is a tremendous potential for there to be political, dramatic political change in the future.

But thank you very much, both of you.

Chairman LEVIN. Thank you, Senator Martinez.

Senator Sessions.

Senator SESSIONS. Thank you.

Thank you, Senator Martinez. I think we need not to forget the Western Hemisphere. You've been very articulate and valuable and constructive in your comments about that, and I think we should

all of us not allow Europe or the Middle East to just dominate everything we do, because our neighbors and friends are in this hemisphere and we need to have strong ties.

General Maples, you mentioned perhaps arming in Venezuela militias as a strategy of Chavez. It's something like perhaps the groups that took over Germany? Are you talking about creating a grassroots force that's armed, to be an extension of the Chavez regime and are able therefore to intimidate, oppress, and suppress any opposition that might occur? Is that a concern you have?

General MAPLES. Sir, I haven't seen it go that far at this point, but certainly with the availability and the number of small arms weapons in Venezuela, and we are seeing indications of a desire to create some kind of a home guard that could be taken in one sense as an asymmetric defensive capability for a nation, but on the other hand could be going down the road, as you mention, of arming supporters to a leader within a nation. The opportunity is there. We haven't seen it move in that direction yet. We've seen arms actually go into armories. So the arming has not occurred yet, but the potential is there.

Senator SESSIONS. He is not a leader that seeks to promote democracy. He is an authoritarian leader and apparently he's prepared to do anything, including making himself a lifetime leader, to maintain his power. I do think it's a very serious question.

You noted Colombia was making some progress against the FARC. Two years ago, Senator Specter and I were there. Colombia is the longest, I believe, serving democracy in South America. It has strong economic growth, very strong ties to the United States and trade relations with the United States. Could you give a little more detail about how President Uribe is progressing in his efforts against the terrorist group FARC?

General MAPLES. Sir, Colombia has been very aggressive in engaging the FARC. They have not allowed the FARC to have secure areas, secure territory. They've taken the fight into the FARC's territory. As a result of their aggressive actions by their military, very professional military engagement, we're seeing increased desertions within the FARC, in addition to the losses that they are taking as a result of the military engagements that are going on.

So I think there's a very aggressive attitude that is backed up by the employment of a professional military.

Senator SESSIONS. Thank you. I know that Colombia for years tried to work in a negotiating fashion with the FARC, probably wrongly, but at least it demonstrated their commitment to try to reach a peaceful solution. Finally, when it became quite clear that couldn't happen, I'm glad the leaders of Colombia took the strong action that they took, and hopefully that progress will continue.

Do either one of you desire to comment on the impact that could occur if the United States does not enact the trade agreement with Colombia, our ally, and a very, very strong trading partner? There appears to be some unease among members of Congress, which I find baffling, utterly baffling, that we presumably don't think that Colombia is perfect in everything that they've done, but they really seem to be making progress and are a legitimate democracy. Any thoughts about that, Admiral McConnell?

Mr. MCCONNELL. Sir, let me introduce Tim Langford. The reason I ask him to step up is he is our mission manager for Cuba and Venezuela and he just finished a tour in Colombia. So he'll have firsthand insight to answer your questions. Let me ask him to comment.

Mr. LANGFORD. Yes, good morning, Senator. In fact, I was in Colombia when you and Senator Specter visited. I was running the Intelligence Fusion Center assisting the Colombian Government.

To your point, absolutely General Maples is right on target. The success that they have had under President Uribe has been tremendous. When I first arrived in Colombia in 2002 and to see where they are now, controlling areas where the FARC was, previously had control; taking down high value targets; putting the FARC on the run; having tremendous success in fighting both terrorists and narcotics trafficking; it really is a testament to the joint work that Colombia and the U.S. Government have done, with great assistance from both the IC and Armed Forces. It really couldn't have been done without them. All the testament to President Uribe as an outstanding leader.

The point of the free trade agreement—I departed Colombia in August and at that time President Uribe, when he would have been visiting security officials, one of the key points that he would always make to them is that one of the most important things that could be done to codify security in Colombia was to approve the free trade agreement because of the jobs that it would produce there. So he was very much linking the economic security with the domestic security and fighting terrorism.

Just to speak very briefly on Venezuela, on your point about Chavez and arming the populace. He has organized these militias. Again, it's very much unclear how structured and how organized they are, bringing folks in for Saturday training. As the General noted, we haven't yet seen these weapons going out to these really ill-structured units yet. We're looking for that.

But again, any time you create a parallel military structure it has some implications for your existing military structure, which heretofore, up until the late 1990s was one of the most adept in Latin America and worked very closely with our U.S. military.

I would liken actually the structure of what he's trying to create more to probably what Senator Martinez knows, and that's the Committees for the Defense of the Revolution in Cuba. I think that's the paradigm that we have there.

Senator SESSIONS. Do you consider that a possibly dangerous move and direction?

Mr. LANGFORD. I think it's something that we need to monitor very closely, if we actually see these weapons going out to them. Again, one of the things that we're looking at very closely in Venezuela is the economic policies that are being pursued are causing some significant social problems. There are food shortages in Venezuela. It's a very wealthy country that actually has food shortages. Why? It's because of the economic policies and getting the pricing wrong. So that's something that we're very much watching to see how President Chavez is able to resolve that, as well as get the food to the people, because again food shortages are a potential for unrest.

Senator SESSIONS. Admiral McConnell, just to mention the concerns, I think legitimate concerns, of our telecommunications industries. According to a column in the Washington Post a few days ago, 66 trial lawyers representing plaintiffs in these telecommunication suits have contributed \$1.5 million to Democratic Senators and House Members. So this is just some little lawsuit, but apparently they're facing a host of lawsuits with a host of aggressive attorneys, and I don't think we should treat lightly their concerns.

I'm glad you were able to negotiate something so you can continue that. But I think they legitimately deserve to be given assurance they won't be sued when they are simply following the written request of the Attorney General of the United States of America, authorized by the President, to assist the United States Government in a time of need, and having been certified that it was done legally.

So my time is up, but I thank you for working on this and taking the time to explain the importance of it. I'm glad the Senate did pass that reform that we needed and will fix this problem, and I'm amazed that the House continues to be recalcitrant and failing to act.

I thank you, and would offer for the record the letter you and Attorney General Mukasey wrote to Chairman Reyes in the House explaining why it's "critical to our national security that Congress act as soon as possible to pass the Senate bill." You go six pages, I believe, of detailing with great specificity the problems you face.

Thank you.

[The information referred to follows:]

February 22, 2008

The Honorable Silvestre Reyes
Chairman
House Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Reyes,

The President asked us to respond to your letter of February 14, 2008, concerning the urgent need to modernize the Foreign Intelligence Surveillance Act of 1978 (FISA). Your assertion that there is no harm in allowing the temporary authorities provided by the Protect America Act to expire without enacting the Senate's FISA reform bill is inaccurate and based on a number of misunderstandings concerning our intelligence capabilities. We address those misunderstandings below. We hope that you find this letter helpful and that you will reconsider your opposition to the bill passed last week by a strong bipartisan majority in the Senate and, when Congress returns from its recess, support immediately bringing the Senate bill to the floor, where it enjoys the support of a majority of your fellow members. It is critical to our national security that Congress acts as soon as possible to pass the Senate bill.

Intelligence Collection

Our experience since Congress allowed the Protect America Act to expire without passing the bipartisan Senate bill demonstrates why the Nation is now more vulnerable to terrorist attack and other foreign threats. In our letter to Senator Reid on February 5, 2008, we explained that: "the expiration of the authorities in the Protect America Act would plunge critical intelligence programs into a state of uncertainty which could cause us to delay the gathering of, or simply miss, critical foreign intelligence information." That is exactly what has happened since the Protect America Act expired six days ago without enactment of the bipartisan Senate bill. We have lost intelligence information this past week as a direct result of the uncertainty created by Congress' failure to act. Because of this uncertainty, some partners have reduced cooperation. In particular, they have delayed or refused compliance with our requests to initiate new surveillances of terrorist and other foreign intelligence targets under existing directives issued pursuant to the Protect America Act. Although most partners intend to cooperate for the time being, they have expressed deep misgivings about doing so in light of the uncertainty and have indicated that they may well cease to cooperate if the uncertainty persists. We are working to mitigate these problems and are hopeful that our efforts will be successful. Nevertheless, the broader uncertainty caused by the Act's expiration will persist unless and until the bipartisan Senate bill is passed. This uncertainty may well continue to cause us to miss information that we otherwise would be collecting.

Thus, although it is correct that we can continue to conduct certain activities authorized by the Protect America Act for a period of one year from the time they were first authorized, the Act's expiration has and may well continue to adversely affect such activities. Any adverse

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effects will result in a weakening of critical tools necessary to protect the Nation. As we explained in our letter to Senator Reid, expiration would create uncertainty concerning:

- The ability to modify certifications and procedures issued under the Protect America Act to reflect operational needs and the implementation of procedures to ensure that agencies are fully integrated protecting the Nation;
- The continuing validity of liability protection for those who assist us according to the procedures under the Protect America Act;
- The continuing validity of the judicial mechanism for compelling the assistance of private parties needed to protect our national security;
- The ability to cover intelligence gaps created by new communication paths or technologies.

Our experience in the past few days since the expiration of the Act demonstrates that these concerns are neither speculative nor theoretical: allowing the Act to expire without passing the bipartisan Senate bill has had real and negative consequences for our national security. Indeed, this has led directly to a degraded intelligence capability.

It is imperative that our intelligence agencies retain the tools they need to collect vital intelligence information. As we have explained before, the core authorities provided by the Protect America Act have helped us to obtain exactly the type of information we need to keep America safe, and it is essential that Congress reauthorize the Act's core authorities while also extending liability protection to those companies who assisted our Nation following the attacks of September 11, 2001. Using the authorities provided in the Protect America Act, we have obtained information about efforts of an individual to become a suicide operative, efforts by terrorists to obtain guns and ammunition, and terrorists transferring money. Other information obtained using the authorities provided by the Protect America Act has led to the disruption of planned terrorist attacks. The bipartisan Senate bill would preserve these core authorities and improve on the Protect America Act in certain critical ways, including by providing liability protection to companies that assisted in defending the country after September 11.

In your letter, you assert that the Intelligence Community's ability to protect the Nation has not been weakened, because the Intelligence Community continues to have the ability to conduct surveillance abroad in accordance with Executive Order 12333. We respectfully disagree. Surveillance conducted under Executive Order 12333 in a manner that does not implicate FISA or the Protect America Act is not always as effective, efficient, or safe for our intelligence professionals as acquisitions conducted under the Protect America Act. And, in any event, surveillance under the Protect America Act served as an essential adjunct to our other intelligence tools. This is particularly true in light of the changes since 1978 in the manner in

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which communications are transmitted. As a result of these changes, the Government often has been required to obtain a FISA Court order prior to surveillance of foreign terrorists and other national security threats located outside the United States. This hampered our intelligence collection targeting these individuals overseas in a way that Congress never intended, and it is what led to the dangerous intelligence gaps last summer. Congress addressed this issue temporarily by passing the Protect America Act but long-term FISA reform is critical to the national security.

We have provided Congress with examples in which difficulties with collections under the Executive Order resulted in the Intelligence Community missing crucial information. For instance, one of the September 11th hijackers communicated with a known overseas terrorist facility while he was living in the United States. Because that collection was conducted under Executive Order 12333, the Intelligence Community could not identify the domestic end of the communication prior to September 11, 2001, when it could have stopped that attack. The failure to collect such communications was one of the central criticisms of the Congressional Joint Inquiry that looked into intelligence failures associated with the attacks of September 11. The bipartisan bill passed by the Senate would address such flaws in our capabilities that existed before the enactment of the Protect America Act and that are now resurfacing. We have provided Congress with additional and detailed examples of how the Protect America Act temporarily fixed this problem and have demonstrated the operational need to provide a long-term legislative foundation for these authorities by passing the bipartisan Senate bill.

In your letter, you also posit that our intelligence capabilities have not been weakened, because the Government can employ the outdated provisions of FISA as they existed before the Protect America Act. We respectfully disagree. It was that very framework that created dangerous intelligence gaps in the past and that led Congress to pass the Protect America Act last summer.

As we have explained in letters, briefings and hearings, FISA's requirements, unlike those of the Protect America Act and the bipartisan Senate bill, impair our ability to collect information on foreign intelligence targets located overseas. Most importantly, FISA was designed to govern foreign intelligence surveillance of persons in the United States and therefore requires a showing of "probable cause" before such surveillance can begin. This standard makes sense in the context of targeting persons in the United States for surveillance, where the Fourth Amendment itself often requires probable cause and where the civil liberties of Americans are most implicated. But it makes no sense to require a showing of probable cause for surveillance of overseas foreign targets who are not entitled to the Fourth Amendment protections guaranteed by our Constitution. Put simply, imposing this requirement in the context of surveillance of foreign targets located overseas results in the loss of potentially vital intelligence by, for example, delaying intelligence collection and thereby losing some intelligence forever. In addition, the requirement to make such a showing requires us to divert our linguists and analysts covering al-Qa'ida and other foreign threats from their core role—protecting the Nation—to the task of providing detailed facts for FISA Court applications related to surveillance of such foreign targets. Our intelligence professionals need to be able to obtain foreign intelligence from

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foreign targets with speed and agility. If we revert to a legal framework in which the Intelligence Community needs to make probable cause showings for foreign terrorists and other national security threats located overseas, we are certain to experience more intelligence gaps and miss collecting information.

You imply that the emergency authorization process under FISA is an adequate substitute for the legislative authorities that have lapsed. This assertion reflects a basic misunderstanding about FISA's emergency authorization provisions. Specifically, you assert that the National Security Agency (NSA) or the Federal Bureau of Investigation (FBI) "may begin surveillance immediately" in an emergency situation. FISA requires far more, and it would be illegal to proceed as you suggest. Before surveillance begins the Attorney General must determine that there is probable cause that the target of the surveillance is a foreign power or an agent of a foreign power and that FISA's other requirements are met. As explained above, the process of compiling the facts necessary for such a determination and preparing applications for emergency authorizations takes time and results in delays. Again, it makes no sense to impose this requirement in the context of foreign intelligence surveillance of targets located overseas. Because of the hurdles under FISA's emergency authorization provisions and the requirement to go to the FISA Court within 72 hours, our resource constraints limit our use of emergency authorizations to certain high-priority circumstances and cannot simply be employed for every foreign intelligence target.

It is also inaccurate to state that because Congress has amended FISA several times, there is no need to modernize FISA. This statement runs counter to the very basis for Congress's passage last August of the Protect America Act. It was not until the passage of this Act that Congress amended those provisions of FISA that had become outdated due to the communications revolution we have experienced since 1978. As we explained, those outdated provisions resulted in dangerous intelligence gaps by causing constitutional protections to be extended to foreign terrorists overseas. It is critical that Congress enact long-term FISA modernization to ensure that the Intelligence Community can collect effectively the foreign intelligence information it needs to protect the Nation. The bill passed by the Senate would achieve this goal, while safeguarding the privacy interests of Americans.

Liability Protection

Your assertion that the failure to provide liability protection for those private-sector firms that helped defend the Nation after the September 11 attacks does not affect our intelligence collection capability is inaccurate and contrary to the experience of intelligence professionals and to the conclusions the Senate Select Committee on Intelligence reached after careful study of the matter. It also ignores that providing liability protection to those companies sued for answering their country's call for assistance in the aftermath of September 11 is simply the right thing to do.

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Through briefings and documents, we have provided the members of your committee with access to the information that shows that immunity is the fair and just result.

Private party assistance is necessary and critical to ensuring that the Intelligence Community can collect the information needed to protect our country from attack. In its report on S. 2248, the Intelligence Committee stated that “the intelligence community cannot obtain the intelligence it needs without assistance” from electronic communication service providers. The Committee also concluded that “without retroactive immunity, the private sector might be unwilling to cooperate with lawful Government requests in the future without unnecessary court involvement and protracted litigation. The possible reduction in intelligence that might result from this delay is simply unacceptable for the safety of our Nation.” Senior intelligence officials also have testified regarding the importance of providing liability protection to such companies for this very reason.

Even prior to the expiration of the Protect America Act, we experienced significant difficulties in working with the private sector because of the continued failure to provide liability protection for such companies. These difficulties have only grown since expiration of the Act without passage of the bipartisan Senate bill, which would provide fair and just liability protection. Exposing the private sector to the continued risk of billion-dollar class action suits for assisting in efforts to defend the country understandably makes the private sector much more reluctant to cooperate. Without their cooperation, our efforts to protect the country cannot succeed.

Pending Legislation

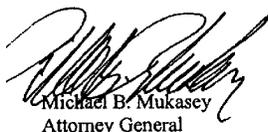
Finally, as you note, the House passed a bill in November to amend FISA, but we immediately made clear that the bill is unworkable and unacceptable. Over three months ago, the Administration issued a Statement of Administration Policy (SAP) that stated that the House bill “falls far short of providing the Intelligence Community with the tools it needs to collect effectively the foreign intelligence information vital for the security of the Nation” and that “the Director of National Intelligence and the President’s other senior advisers would recommend that the President veto the bill.” We adhere to that view today.

The House bill has several grave deficiencies. First, although numerous senior intelligence officials have testified regarding the importance of affording liability protection for companies that assisted the Government in the aftermath of September 11, the House bill does not address the critical issue of liability protection. Second, the House bill contains certain provisions and serious technical flaws that would fatally undermine our ability to collect effectively the intelligence needed to protect the Nation. In contrast, the Senate bill deals with the issue of liability protection in a way that is fair and that protects the national security. In addition, the Senate bill is carefully drafted and has been amended to avoid technical flaws similar to the ones in the House bill. We note that the privacy protections for Americans in the Senate bill exceed the protections contained in both the Protect America Act and the House bill.

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The Department of Justice and the Intelligence Community are taking the steps we can to try to keep the country safe during this current period of uncertainty. These measures are remedial at best, however, and do not provide the tools our intelligence professionals need to protect the Nation or the certainty needed by our intelligence professionals and our private partners. The Senate passed a strong and balanced bill by an overwhelming and bipartisan margin. That bill would modernize FISA, ensure the future cooperation of the private sector, and guard the civil liberties we value. We hope that you will support giving your fellow members the chance to vote on this bill.

Sincerely,



Michael B. Mukasey
Attorney General



J.M. McConnell
Director of National Intelligence

cc: The Honorable Peter Hoekstra
Ranking Member, House Permanent Select
Committee on Intelligence

The Honorable John D. Rockefeller, IV
Chairman, Senate Select Committee on Intelligence

The Honorable Christopher S. Bond
Vice Chairman, Senate Select Committee on Intelligence

Chairman LEVIN. Thank you, Senator Sessions.

Senator Graham?

Senator GRAHAM. Thank you, Mr. Chairman.

A practical application of FISA in Iraq I think has been discussed in the past. I think some time last year there was a kidnapping of three American soldiers. Are you familiar with this case?

Mr. MCCONNELL. Yes, sir, last June.

Senator GRAHAM. Can you walk me through very briefly what happened in that case and what can we learn from the problems that we found?

Mr. MCCONNELL. Yes, sir. The kidnapping took place and everything, tactical, local—separate, if you would, two kinds of communications, wireless, and wire. If wireless, walkie-talkie, or whatever, we're doing everything possible, so we're collecting. Some of those that we believe to be responsible engage in communications activity that use wire. Think laptop, connection to the Internet, and so on. It's not uncommon, because of the configuration of the globe now, it moves the path of least resistance, the least cost, the fastest speed—so it wouldn't be uncommon for someone in Baghdad talking to somebody else in Baghdad for it to go through the United States, because it's fiber optics, moves fast.

Senator GRAHAM. Now, what kind of equipment are they using to talk with each other?

Mr. McCONNELL. Just standard laptop, anything. Even could be a cell phone.

So now as we worked this problem and we got into it, we had an opportunity to get more and better, to have better collection and understanding of who the perpetrators are, who are they working for, how does the larger group operate. So the issue is some of the communications passed through a wire in the United States, and at that point in time the law said you must have a warrant. So we have to stop and now produce about a 2-inch document.

Senator GRAHAM. Let's slow down a bit. We have a conversation going on using wire, a wire technology, right?

Mr. McCONNELL. Yes, sir, that's correct.

Senator GRAHAM. Between two people in Iraq?

Mr. McCONNELL. Multiple people.

Senator GRAHAM. Multiple people in Iraq.

Mr. McCONNELL. Yes, sir.

Senator GRAHAM. We believe to be non-U.S. citizens.

Mr. McCONNELL. They are non-U.S. citizens, yes, sir.

Senator GRAHAM. That we believe to be involved in kidnapping three American soldiers.

Mr. McCONNELL. Yes, sir.

Senator GRAHAM. Because of the modern world some of these connections pass through the United States.

Mr. McCONNELL. That's correct.

Senator GRAHAM. So at that point in time we had to stop the battlefield intervention to go get a warrant?

Mr. McCONNELL. Yes, sir. Now, there's a situation here called emergency procedures. But the key for us, the thing that's hard for people to understand, is if you're going to do a wiretap in that circumstance the law says, wire in the United States, you have to have a warrant. Therefore the requirement is probable cause, and in your background you know exactly what that is.

Senator GRAHAM. Right.

Mr. McCONNELL. A tough standard. Now, some say, well, just go faster; it's an emergency, you can go anyway. You still have to provide probable cause standards. So first of all somebody has to write it down and justify it and do the research and so on. Then it goes to their leadership for signature. It comes to me for signature. I send it to the Attorney General for signature.

Senator GRAHAM. How long did this take?

Mr. McCONNELL. It probably took us the better part of a half day on emergency procedures.

Senator GRAHAM. Okay. Now, so for that half-day period we were unable to listen and track; is that correct?

Mr. McCONNELL. You can actually extend it a little beyond that. Once we realized it, the issue then becomes what is it we need to do. So if you factor all the time in it's a little longer than a half day. But yes, sir, that's correct.

Senator GRAHAM. Have we fixed that in the Senate bill?

Mr. McCONNELL. Yes, sir.

Senator GRAHAM. Okay. That's a good thing.

Mr. McCONNELL. The Protect America Act that passed last August corrected it.

Senator GRAHAM. Okay.

Mr. MCCONNELL. Then expired.

Senator GRAHAM. Right.

Mr. MCCONNELL. But the Senate bill fixed that.

Let me add one other thing, sir. It's very important, and this is very important to the American people to understand. The Senate bill extended warranted, court-provided protection to any U.S. person anywhere on the globe, period. So we protect a U.S. person, we do foreign intelligence. The foreign intelligence is the issue. That's what we're trying to do, unimpeded by the fact we have to stop and work through a court.

Senator GRAHAM. From this kidnapping episode, we learned a very hard lesson, because no telling what we missed, but we learned that lesson. Congress came together and passed legislation to fix that problem. It's expired. Now we're hung up again.

This is no man's land that we're in, how has it affected our ability as a nation to defend ourselves?

Mr. MCCONNELL. For the past week after it expired we were in negotiations with the private sector to add additional information. I don't want to be too specific here because now the bad guys are listening. But if you're going to pull information out of the global infrastructure you have to do it surgically. It's lots of stuff, so you want to know how to pull it out.

So once you have a method for doing that, you have to have the cooperation of the private sector to enable it. The answer initially was, wait a minute, this law has expired, you can't compel, we're not sure we're going to do any more than we're doing exactly right now.

So our question was, we have more to add, we have the authority, but we have more to add. They said: Not so fast. So we negotiated, and we thought we were going to lose it, and as of Friday we issued a statement to try to tell everybody what was going on. Then Friday night, last Friday night, they said: All right, we're going to add in what you've asked us.

Now, so at the moment we're okay. But the question is what happens the next time, or what happens if it's a new communications method? Remember, this stuff morphs all the time. So the authorities that we have now are for a set of capabilities. If there's a new capability there's no authority.

Senator GRAHAM. So the agreement doesn't get you where you need to go in an ever-changing battlefield?

Mr. MCCONNELL. No, sir. The issue, sir, is we can't keep up. This is dynamic. It moves in seconds and minutes, and there's no way we can keep up if we have to keep going back to the court for authorization.

Senator GRAHAM. Let's talk about the enemy called al Qaeda in Iraq. Why do you think al Qaeda operatives were sent to senior Iraqi al Qaeda leaders outside of Iraq? We know they're doing that. There are foreign al Qaeda operatives going into Iraq. Bin Laden says "Go to the land of the two rivers"—Iraq—"this is the great battle."

Why are they going to Iraq? What compels al Qaeda to feel the need to go to Iraq and fight us?

Mr. MCCONNELL. Primarily it was to stimulate sectarian violence between the Sunnis and the Shiites, and that's what they did for most of the——

Senator GRAHAM. But why are they doing that?

Mr. MCCONNELL. Ultimately what they would like to see in my view is the Sunnis prevail in Iraq, and then that potentially provides a base of operations if al Qaeda prevails, a place for al Qaeda to operate from.

Senator GRAHAM. Were they threatened by this concept called moderation that was being tried in Iraq? Do you believe that would undermine the al Qaeda agenda, if Iraq became a stable, functioning government where Sunnis, Shiites, and Kurds could live together under the rule of law, a woman could have a say about her children? Do they lose if that happens?

Mr. MCCONNELL. They lose, sir.

Senator GRAHAM. Do you think they know they lose if that happens?

Mr. MCCONNELL. Oh, yes, sir, they know that. This is totally contrary to their point of view, so they would lose.

Senator GRAHAM. Do you believe Iraq is a battle in an overall global struggle or is it an isolated event, uninvolved with the war on terror generally?

Mr. MCCONNELL. It is not isolated. There are lots of debates about cause and effect and so on, but stability in the Middle East is absolutely essential in the interests of this country for the next 30 to 50 years.

Senator GRAHAM. What would be the payoffs in the region if Iraq became a stable, functioning government based upon the rule of law, that rejected extremism, denied al Qaeda a safe haven, lived at peace with its neighbors, and aligned themselves with us in the greater fight? What would be the payoff to America in terms of our national security?

Mr. MCCONNELL. Stability in the region, a check on Iran's expansionism, a reliable supply of oil to flow to customers around the world, potential spread of democratic values in the region to its neighbors. So I see nothing—if Iraq evolved the way you just explained it, to me that would be the ideal for moderation in the Middle East.

Senator GRAHAM. Thank you.

Chairman LEVIN. Thank you, Senator Graham.

Director McConnell, Senator Graham went through a particular problem that you said was fixed by the Senate bill, is that correct?

Mr. MCCONNELL. Yes, sir.

Chairman LEVIN. That problem that he described would also have been fixed by the House bill, would it not?

Mr. MCCONNELL. No, sir, it would not.

Chairman LEVIN. Why wouldn't the House bill, if the only thing it was short of was retroactive immunity?

Mr. MCCONNELL. The House bill has many shortcomings, sir. I'll give you an example——

Chairman LEVIN. I'm not talking about shortcomings. I'm talking about that specific problem of the new technology that was described. I think everybody wants to give you the power to use that new technology. Was that not also provided for in the House bill?

Mr. McCONNELL. I don't think so, and I'll give you an exact answer because I asked my General Counsel to be here to answer your question, anticipating it.

Chairman LEVIN. I'm talking about that specific problem.

Mr. McCONNELL. I'll get you an answer on that specific one. Ben Powell.

Can I take—can I wait for a second, because he just got called out, and I'll answer that specific question. I know—

Chairman LEVIN. That's the question I want to ask you, is whether or not that specific issue that Senator Graham talked about, which was fixed in the Senate bill and I think we all want to fix, I believe was also fixed in the House bill, and I want you to tell me whether or not I'm right on that. Okay?

Mr. McCONNELL. I will tell you that as soon as I know for sure.

Chairman LEVIN. Right, I understand.

Mr. McCONNELL. But I don't know absolutely for certain.

Chairman LEVIN. Now, you've also indicated that there was some intelligence that was missed or may have been missed during a 5- or 6-day period after the expiration of the Protect America Act—

Mr. McCONNELL. That's correct.

Chairman LEVIN.—until there was an agreement with the telecoms last Friday night; is that correct?

Mr. McCONNELL. The private sector partners, yes, sir.

Chairman LEVIN. If the Protect America Act had been extended and there was no gap, would that 5 or 6 days of lost or possibly lost information have occurred?

Mr. McCONNELL. Probably not.

Chairman LEVIN. Okay. I just want to be real clear on this because there have been some suggestions that there were 5 or 6 days of lost information, that was lost because there was some failure on the part of either the House or the Senate to act in time, where as a matter of fact there was a willingness—and I think you're aware of this—to extend the Protect America Act so that there wouldn't have been that gap. You are aware of that willingness, are you not?

Mr. McCONNELL. Yes, I am.

Chairman LEVIN. When the President's statement last Saturday was made that we were unable to get cooperation from private companies—and he put that in the present tense, that the House's refusal to act “is undermining our ability to get cooperation from the private companies”—as a matter of fact that cooperation had been obtained the night before, had it not?

Mr. McCONNELL. I don't know what the President—you're talking about what he said on Saturday morning?

Chairman LEVIN. Yes.

Mr. McCONNELL. I don't know his verb tense on Saturday.

Chairman LEVIN. I'll read it to you: “The House's refusal to act is undermining our ability to get cooperation from private companies.”

My question to you: As a matter of fact, that cooperation had been obtained the previous night, had it not?

Mr. McCONNELL. The cooperation—I can get you the exact time, but it was, my understanding, it was late Friday night.

Can I ask a question of you? The statement you're reading from, is that the President's radio address?

Chairman LEVIN. Yes.

Mr. McCONNELL. The radio address is normally taped on Friday morning.

Chairman LEVIN. That's correct.

Mr. McCONNELL. So I suspect that if there's a disconnect that's probably the source of it. But I don't know.

Chairman LEVIN. You said before that the White House was notified Friday night, and yet they still played that address on Saturday morning.

Mr. McCONNELL. I'm just highlighting it's taped on Friday morning.

Chairman LEVIN. I understand.

Mr. McCONNELL. I don't know what it said, but——

Chairman LEVIN. I'm reading to you what it said.

Mr. McCONNELL.—that may be the disconnect.

Chairman LEVIN. I'm reading to you what it said. I read it to you. In other words, "The House's refusal to act is undermining our ability."

Mr. McCONNELL. Then, sir, I would agree with the words you just said. It is. For that period of time——

Chairman LEVIN. To get cooperation from private companies? It had already been obtained on Friday night. You just told us.

Mr. McCONNELL. That's a point of view, and I'll give you my point of view.

Chairman LEVIN. No, no, no. That's not a point of view. You just said a minute ago——

Mr. McCONNELL. It is, sir. It is. It is today, it is for the future, and it'll get worse over time. That's the point I'm trying to highlight.

Chairman LEVIN. No, but I'm trying to ask you, did we get cooperation from private companies on Friday night? That's my question. That's my question.

Mr. McCONNELL. We did.

Chairman LEVIN. All right.

Mr. McCONNELL. But I can also, in answering the question, say the way you phrased—you're taking issue with the verb tense and the point I'm attempting to observe for you is the failure to get this new bill passed is having an impact on our operations. It is causing detriment and it will get worse in time.

Chairman LEVIN. I'm talking about cooperation from the private companies.

Mr. McCONNELL. That's what I'm talking about, sir.

Chairman LEVIN. So you're saying that——

Mr. McCONNELL. It will get worse in time.

Chairman LEVIN.—that we're not going to get the cooperation?

Mr. McCONNELL. If we don't have a bill that does three things: compel, prospective, and retroactive liability.

Chairman LEVIN. Okay, and we have the compel in both bills; we have the prospective in both bills; is that correct?

Mr. McCONNELL. That's correct.

Chairman LEVIN. The issue is whether or not there's retroactive liability.

Mr. McCONNELL. Retroactive liability.

Chairman LEVIN. As to whether or not, you point out, whether or not there's liability protection.

Mr. McCONNELL. Liability protection.

Chairman LEVIN. Which is what you want.

Mr. McCONNELL. Forward and backward.

Chairman LEVIN. Forward and backward.

Mr. McCONNELL. That's correct.

Chairman LEVIN. That there was an effort to provide that liability protection in the Senate bill.

Mr. McCONNELL. The Senate bill, yes, sir.

Chairman LEVIN. There was an effort made.

Mr. McCONNELL. The Senate bill.

Chairman LEVIN. Yes.

Mr. McCONNELL. Yes.

Chairman LEVIN. There was an effort made to do it other than wiping out claims of plaintiffs, was there not? Are you aware of that fact?

Mr. McCONNELL. I am aware of that, sir, and you and I took a sidebar to discuss why that wouldn't work from our point of view.

Chairman LEVIN. I understand.

Mr. McCONNELL. Because what it does—

Chairman LEVIN. I understand. But on the indemnification issue, you've not yet taken a position on that because that was never offered; is that correct?

Mr. McCONNELL. I don't yet understand—

Chairman LEVIN. All right.

Mr. McCONNELL.—what you mean by “indemnification,” sir.

Chairman LEVIN. We won't go into that. Since you don't know what “indemnification” means, let me ask you a different question.

I'll ask General Maples about this. It has to do with the waterboarding issue, General. Director McConnell has already commented on that in a different forum. General, do you believe that waterboarding is consistent with Common Article 3 of the Geneva Conventions?

General MAPLES. No, sir, I don't.

Chairman LEVIN. Do you believe it's humane?

General MAPLES. No, sir. I think it would go beyond that bound.

Chairman LEVIN. You testified recently that the approaches that are in the Army Field Manual give us the tools that are necessary for the purpose under which we're conducting interrogations.

General MAPLES. Sir, that's correct.

Chairman LEVIN. Do the approaches in the Army Field Manual give you the tools you need for conducting intelligence operations?

General MAPLES. Sir, they do, and we have recently confirmed that with those who are using those tools on operations, just to reaffirm that fact.

Chairman LEVIN. Director, relative to the question of Iran, do you believe that the Russians would be concerned about nuclear weapons in the possession of Iran?

Mr. McCONNELL. Yes, sir, very much so.

Chairman LEVIN. Why are they providing uranium to the Iranians?

Mr. MCCONNELL. The issue is for activating a reactor for generation of electric power, and the negotiation was absolute certainty and agreement between the Russians and the Iranians that what is delivered is accounted for and used for its intended purpose and what is generated in terms of plutonium and so on is accounted for and then exported out of Iran, back to Russia. So that it was a very concerted effort on the part of the Russians to have certainty that what they provided to the Iranians could not be turned into fissile material for weapons.

Chairman LEVIN. But that is not satisfactory to us in terms of certainty, I gather; is that correct?

Mr. MCCONNELL. It causes me to worry, out of observation or control. But that was the Russian rationale for how they did what they did and the assurances they received. Recall they stopped it at one point and negotiated back and forth over getting the certainty that would satisfy the Russians for providing the nuclear material.

Chairman LEVIN. But we're still concerned, despite that agreement; is that fair to say?

Mr. MCCONNELL. Certainly I would be concerned. If it's something you don't control you would be concerned about it, yes, sir.

Chairman LEVIN. Thank you.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

Admiral, General, thank you for appearing before us today. It sounds like you have exhausted the FISA issue and some of the other issues that I had perhaps wanted to ask some questions on. But I do have a question I'd like to ask regarding the Iraqi security forces, because, General Maples in your prepared testimony you discuss the Iraqi security forces and their overall improved capabilities in 2007, but you also stated in your prepared testimony that the Iraqi security forces still suffer from a lack of trained, qualified leaders at the tactical level, and you go on to say that this fosters a climate in which individuals remain vulnerable to improper political and criminal influence.

Do you have any kind of an estimate at all on when it's likely that the Iraqi security forces will be able to stand on their own and, as you have said, win popular recognition as a legitimate guarantor of the Iraqis' security?

General MAPLES. Sir, first of all, I think the Iraqi security forces have made great strides, and particularly over the course of the last year. The army has grown by 55,000 in that time.

We have also seen that, with an effort to provide additional soldiers into the force, that many of the units now are well over 100 percent strength in their organizations. That, however, does not give the true picture because they are still lacking, particularly in the middle grades. They are lacking in their NCO corps, the kind of professional leadership that really does enable a force.

I know that that's a great effort right now on the part of our forces who are providing training and equipping to the Iraqi armed forces. The greatest concern with the Iraqi armed forces, of course, are the logistics support, the combat service support, and the combat support capabilities that they would require to stand on their own. There are a number of initiatives that are underway right

now to try to improve the logistics support to the Iraqi armed forces that are short-term processes. I believe that over the course of the next year and a half the Iraqis have projected that they will be functionally sufficient to be able to support themselves.

The longer-term issue I think for the Iraqi armed forces is when they will reach the capability at a higher end, when they'll have a full complement of capability in order to defend their borders. For that purpose, they've laid out a 10-year plan in order to purchase the arms and equipment that will enable them to operate at that level.

Nevertheless, with the divisions that they currently have, 11 on the books going to 12, and the strength that they have in those units, plus how they have been able, if they are able to take advantage of the Sons of Iraq, the CLC groups, and incorporate them in some way into the Iraqi security forces, I would say that over the course of the next 2 to 3 years they're going to have a greater capability to sustain themselves on operations.

They're increasingly able to now certainly take the lead, particularly on counterinsurgency operations. The issue is how they sustain the force for the longer term.

Senator THUNE. Just in terms of the culture that the military—and you mention in your testimony this susceptibility or vulnerability to improper political and criminal influence. Assuming, say for example, as you have suggested, that their capability continues to grow, the numbers continue to grow. If they are left on their own, is this going to be an issue that is going to really weaken their ability, absent U.S. support, to protect the Iraqi people to provide security for the country?

General MAPLES. I still think it has to be an Iraqi solution to this, and therefore we have to grow the quality NCOs and officers that they need in the force.

There is some belief that the passage of the de-Baathification law may help us in this regard if in fact it will enable us to enable members, former members of the Iraqi military who have experience in leadership roles, particularly from among the Sunni population, and to bring them back into the military as NCOs and midgrade officers into the force structure. I think that that will help alleviate the problem that I allude to or that I state in my statement for the record.

Senator THUNE. Admiral McConnell, much has been written about the growing capability of cyber space threats. What type of cyber space threats do you view as the most dangerous and do you think that we're currently prepared to deal with these threats on both civil and military sides?

Mr. MCCONNELL. Sir, we're not prepared to deal with it. That's the reason for the initiative. Let me separate the threat in terms of exploitation of data, which countries like Russia and China and so on will try to capture information and take it out of this country. One estimate I've seen is that that volume was something in the terabytes, 20 terabytes is what I recall, of data that was taken out of Department of Defense (DOD), Department of State, universities, companies, Congress, and so on. So that's one level of threat.

The threat that also concerns us a great deal and maybe even more so is if someone has the ability to enter information systems

where they can destroy data, and the destroyed data could be something like money supply, electric power distribution, transportation sequencing, and that sort of thing. So our worry right now is the military is probably the best protected, the Federal Government is not well-protected, and the private sector is not well-protected.

So the question is how do we take some of the things that we've developed for the military side, scale them across the Federal Government, and then the key question will be how do we interact with the private sector. That's the process we're trying to work through right now.

Senator THUNE. Do you see non-state actors becoming credible threats?

Mr. MCCONNELL. Yes, sir. The issue here is—think of it as one global net and the cost of entry is low. You need a few people that are gifted in computer sciences, electrical engineering, and that sort of skill set, and some computers. So you can remotely at some location, if you are good enough, enter into a data stream and get access. In terms of exploitation, usually if you're in that business you want to be able to take something, information, and leave no fingerprints. That's pretty challenging. If your objective is strictly to break in and destroy, that's less of a challenge.

So while we haven't seen terrorist groups exhibit this kind of behavior as of yet, it's a tool set that's available to them. They're talking about it and I suspect at some point they will try to have that capability.

Senator THUNE. I want to ask you one other question. I guess I want to direct this to General Maples. But it has to do with the Chinese anti-satellite (ASAT) test last year which I think surprised quite a few people. Do you see ASAT weapons as a mature threat, and if not when do you expect them to be a serious threat? Then as a follow-on, are these types of systems being proliferated?

General MAPLES. Sir, of course the launch in January of last year was a direct ascent SE-19 by the Chinese. Clearly it was effective in the launch that was taken, and we can see continued development on the direct ascent kind of capability. I don't necessarily see a proliferation of that particular direct ascent kind of capability, but there are other kinds of capabilities that are ASAT capabilities that we do see a proliferation of, some of which are kinetic and belong to nations today, some of which are nonkinetic kinds of capabilities that would provide either jamming or blinding kinds of capabilities, that would threaten our communications and our satellite systems.

Senator THUNE. It's also been recently reported that China is selling up to 24 J-10 advanced fighter aircraft to Iran. Do you see this as an isolated incident or a more troubling trend of the proliferation of advanced fighter aircraft?

General MAPLES. I think it is a greater trend, and there are more nations that are seeking advanced fighter aircraft. Chinese export of weapons is also a concern to us.

Senator THUNE. Thank you, Mr. Chairman.

Thank you very much.

Chairman LEVIN. Thank you, Senator Thune.

Senator Martinez.

Senator MARTINEZ. Thank you, Mr. Chairman.

General, Admiral, I see that your General Counsel has returned and I would be pleased to give you a moment to answer the chairman's question if you're prepared now.

Mr. MCCONNELL. Yes, sir. Thank you very much.

Mr. Chairman, if I could ask Ben Powell, our General Counsel, to answer your specific question.

Mr. POWELL. As I understand it, the question was what would be the effect of the Restore Act—

Chairman LEVIN. No, that wasn't the question.

Mr. POWELL. Okay.

Chairman LEVIN. The question is whether or not that specific fact situation which Senator Graham laid out and which the Director said was fixed, was fixed by the Senate bill, would that have been fixed by the House bill? That's the question.

Mr. POWELL. I think the answer to that is no, and the specifics of that: First, what the House bill does is have us go to the FISA Court for a court order to authorize our initiation of surveillance. So first we would be in a situation where we're going to the court.

There are emergency provisions, to be fair, in the House bill that would provide that the Attorney General and the DNI could do things on an emergency basis. That's similar to the emergency provisions of FISA, which we did, in fact, use in the case that Senator Graham laid out. But we would have to have a baseline requirement to go with the court order or to go with some type of emergency authorization.

A second issue would be that the House bill contains a significant purpose test, which says that if a significant purpose of our reason for doing the surveillance is to acquire the communications of a U.S. person, we would have to go and get a FISA Court order for that.

That presents us with the issue of—we would certainly be very interested to know if somebody who had kidnapped a U.S. soldier was communicating with somebody here in the United States. So could I certify under oath to a court that a significant purpose of acquiring that communication is not to determine whether they're communicating with a U.S. person? In fact we would be very interested in that.

The Senate bill says that if "the purpose" is to get a U.S. person's communications, then in fact you have to get a FISA order, but if it's just one of the significant purposes that would present some difficulty to us, particularly the upfront going to the court.

As an example of that, under the Protect America Act we were required to submit our foreign targeting procedures to the FISA Court. We did that with our initial authorization in August. Those were approved in January. So the court is very diligent. They have numerous questions. They want to make sure that they are doing a full and fair review and job.

So if we have that upfront review before we can initiate surveillance or the DNI and the Attorney General need to make certain findings before they can authorize it on an emergency basis, it makes it very difficult for us to act with the kind of speed that we have acted under the Protect America Act while the court was reviewing our procedures, which they ultimately approved.

Chairman LEVIN. So the procedures are not the ones that need to be approved; it's the specific intercept, you're saying, under the House bill?

Mr. POWELL. Under the House bill, they have a broader approval, not necessarily on specific surveillances. It's on groups and targets. So it would depend on what this group was, did we have an existing authorization that already covered this group already approved by the court in place. If we did, perhaps we could go up on them, or we'd have to look at an emergency type of procedure.

Chairman LEVIN. So is the answer it depends on the group, then?

Mr. POWELL. In that case, it would depend whether we had already gone to the court under those procedures upfront to get them, yes.

Chairman LEVIN. So is the answer maybe to the question that I asked is "it depends"?

Mr. POWELL. It is a complex area and, unfortunately, that's what we're trying to clear up—

Chairman LEVIN. I understand. I'm just asking you whether the answer to the question is then "it depends"?

Mr. POWELL. It depends. I would have great concern about the significant purpose test, though, because—

Chairman LEVIN. Except for the significant purpose test.

Mr. POWELL. The significant purpose test would present—

Chairman LEVIN. Other than that, it depends on whether the group was already covered?

Mr. POWELL. Yes.

Senator MARTINEZ. Mr. Chairman, I didn't mean to donate my time.

Chairman LEVIN. I know you didn't.

Senator MARTINEZ. But I know this is important.

Chairman LEVIN. I appreciate your leniency on that.

Senator MARTINEZ. May I have your leniency on my time?

Chairman LEVIN. Please. Oh, absolutely. You have more than my leniency; you have my time. I will yield you my next round if you need it.

Senator MARTINEZ. I know it was an important series of questions and I know the General Counsel wanted to provide the answer.

This is for Admiral McConnell and General Maples both, on the issue of Kosovo, which has been so much in the news of late, their assertion of independence, declaration of independence, which the United States has supported, and the violence that has occurred thereafter. I wonder if you can give us your assessment of the situation in Kosovo, as well as NATO's Kosovo Force (KFOR), their ability to respond to the violence, and are they sufficient to meet the need that is there?

Mr. MCCONNELL. Sir, the leadership in Serbia, the Prime Minister, is determined to roll this back if at all possible. So the question is, is he going to be able to prevail, and is some level of violence probably going to ensue? We have good information that when the U.S. Embassy, the British Embassy, and others were attacked, a decision was taken by the Government of Serbia actually to pull the police back and allow them to be attacked and burn the Embassy and conduct the violence that they conducted.

The forces that are there now can contain a low level of violence. If it was extended, it would probably be beyond their control. So the question is how determined is the leadership in Serbia and will they incite violence at a much higher level than we've observed to date.

Let me invite General Maples for additional comment.

General MAPLES. Sir, within Kosovo today we're seeing low levels of violence within the Serb enclaves, particularly in the southern part of Kosovo, clearly within the ability of the KFOR to provide a secure environment. The greater concern is in the area of Mitrovica to the north and the area of the Ibar River, where you have the largest Serb enclave in the northern part of Kosovo. To the north of the Ibar, where you have a large Serb population, you have a very different approach to and reaction to the situation than we have right now.

Across the bridge itself that separates the community in Mitrovica and to the south, KFOR is very involved. In fact, just recently some of the population to the north tried to block access into the northern part of the city, across the bridge, used barriers and dumpsters to try to do that. KFOR removed those to enable access.

So clearly, at the level that we are at in Kosovo today, KFOR is able to still provide a safe and secure environment.

Senator MARTINEZ. What about Russia's role in this? Are they being a helpful agent in the violence, or are they being a contributor to the violence?

Mr. MCCONNELL. They could be much more helpful than they are. They're attempting to maintain a strong relationship with Serbia and they're attempting to pull Serbia into their orbit, into their sphere of influence.

The leadership in Serbia, the Prime Minister, wants to contribute to that progress to be more closely aligned with Russia. The President, however, has a different point of view. President Tadic is convinced that integration with the European Union, Europe, and what's referred to as a European Atlantic Alliance, is a better course of action.

So there's disagreement within the Government of Serbia as to what the future course of action is for Serbia and of course for Kosovo.

Kosovo will, given that they establish their independence and sustain it, they will align in my view with Europe, not with Russia.

Senator MARTINEZ. In Russia, the upcoming leader, Dmitry Medvedev, do you view him in any way independent of President Putin, or do you presume what has been reported is pretty much as it will be, that he will be someone pretty well guided by President Putin?

Mr. MCCONNELL. Sir, I think conventional wisdom is that Mr. Putin will have significant influence. But, interestingly, what we took an excursion on is just to look at Medvedev's background and what he's saying. If you took at face value what he's saying, it's certainly encouraging: rule of law, independence of citizens, a right to free speech, business entrepreneurship, and private sector growth.

So all the words sound right. Now we're going to find out here when the election happens how much independence there is between Medvedev and Putin.

Senator MARTINEZ. Returning to Latin America, recently Venezuela is in a dispute with Exxon over the expropriation and lack of adequate compensation filed a lawsuit, and as a result of that action President Chavez threatened to cut off oil supplies to the United States. My understanding is they provide somewhere in the neighborhood of 12 percent of our consumption.

A twofold question. One, the impact of that to us; and the impact to Venezuela if we were to choose not to purchase oil from Venezuela?

Mr. MCCONNELL. Quite frankly, Senator, my view would be a greater impact on Venezuela. We have an expert here who can add a little bit to this.

Senator MARTINEZ. Bring him up.

Mr. MCCONNELL. Yes, sir. But the oil that comes out of there is very, very—

Senator MARTINEZ. High in sulfur?

Mr. MCCONNELL. Yes, high in sulfur, dense, thick. As I understand it, the refineries that can handle that are in the United States. There may be one in the Caribbean. So at one level, doing this is cutting off your nose to spite your face on the part of Venezuela.

Senator MARTINEZ. He backed off a couple of days later.

Mr. MCCONNELL. Yes, sir.

Senator MARTINEZ. But I just wondered if that's a real threat to us in fact.

Mr. MCCONNELL. It has some impact, but oil is fungible and right now in Nigeria the production level is down about 500,000 barrels a day just because of the internal strife. So there is a potential area you could start to make it up.

We've done an analysis recently to find out how much oil is in surplus and what's the impact of \$100 oil per barrel. Quite frankly, it hasn't stimulated investment and created a surplus that you would think it would create. Therefore, we're a little bit concerned that this 10 to 12 percent could have some level of impact. So we're watching it closely.

Tim?

Mr. LANGFORD. Just to elaborate on what the Director said, Senator, absolutely right. The initial statement again, this is not the first time he has made that statement. In fact, President Chavez subsequently qualified that to say that he would cut it off if we invaded Venezuela.

So what we see is all the oil that goes to Exxon Mobil, some of that is still flowing. That hasn't been fully cut off either. There's a variety of reasons why it makes economic sense for them to continue to sell to us. As the Director said, the refineries are in the United States. If you were going to sell in other parts of the world, they would have to sell at a greater discount because of the transportation costs and the like.

So the assessment is that cutting off oil would definitely have a greater impact on the Venezuelan economy than ours, I think that would be our assessment.

Senator MARTINEZ. Thank you, Mr. Chairman.
 Chairman LEVIN. Thank you, Senator Martinez.
 Senator REED.

Senator REED. Thank you very much.

Thank you, gentlemen, for your testimony today and for your service to the Nation over the many years.

There are many fault lines in Iraq. One of them is the legislation that is passed, but is somewhat nebulous, that depends upon implementation. So I wonder, do you have a sense of whether the legislation that was passed with respect to reconciliation and oil distribution, et cetera, will have any real effect going down the road? Admiral McConnell first and then General Maples.

Mr. MCCONNELL. Yes, sir. The belief of the analytical community, if the laws are passed and are effective it's going to have a very positive impact. I did a little quick checking this morning just to see where those laws are. De-Baathification has passed. Amnesty has passed. The budget has passed. Then the one that we were most worried about was the Provincial Powers Act, which now allows elections and local government and that sort of thing. We have a report that at the last minute, the assembly passes a bill, they have 10 days and you have three choices: agree to it, veto it, or abstain and then it's law. On the last—at the last hour, it's our understanding that Abdul Mahte, one of the members of the presidency council, vetoed it.

Now, if that's in fact the case, that's going to be somewhat of a setback. There's also another complication. When they passed the amnesty, budget, and the provincial powers, they lumped them together. Now, his intent was to veto provincial powers, but does that action actually impact the others?

So de-Baathification's passed. That's positive. Hydrocarbon revenue sharing has not passed. That's critical to be passed. That said, production of oil is up about 500,000 barrels a day. They are selling it and there is some level of sharing going on. But they need that legislation to codify it.

So to answer your question, I would say it's essential to have those bills passed for reconciliation, and one has passed, one hasn't, and there are three that we're trying to understand this morning.

Senator REED. I think it goes to the point you made, though, about effective implementation.

Mr. MCCONNELL. Yes, sir.

Senator REED. When I was in Iraq a few weeks ago, Ambassador Crocker and General Petraeus pointed out that there is some ambiguity with respect to the reconciliation legislation. Does it mean simply fire people and give them a pension and that's the reconciliation? Does it mean actually bringing them back into the Ministries of Finance and Interior?

Have your analysts formed an opinion about the probability of effective implementation?

Mr. MCCONNELL. Sir, there's someone behind me that probably has a better answer to your question. What we're wrestling with is the 7,000 Baathists that were not included—

Senator REED. Yes.

Mr. MCCONNELL. I think that's probably what Ambassador Crocker was making reference to. Alan Pino, who's our expert for that area, probably has a better answer for you than I do.

Mr. PINO. Senator, on the de-Baathification law, right now they are looking at amendments to ensure that Baathists who have already been functioning effectively in the government are not fired because of the law. So those should be ready soon, but they are not implementing the law until they have those amendments completed.

Senator REED. So, there is a sense that there's some legislative progress, but still we have not turned the corner in terms of fully integrating and fully welcoming in this case Baathists, and I presume Sunni Baathists, into the government.

Mr. MCCONNELL. Sunnis, that's the key. I would agree that full implementation is when it's effective, and that's in process.

Senator REED. General Maples, do you have a comment?

General MAPLES. Sir, I made a comment earlier about what we're looking at in terms of the Iraqi security forces and in particular the army today and the issue that we have in the NCO corps and middle grade officers, and the potential to enable a return of Sunni officers and NCOs to the armed forces, which would make a tremendous difference for us.

So we're not there yet, but hopefully that would enable us.

Senator REED. Let me raise another, related issue. You don't have to arm folks in Iraq, but we have organized these local security forces, the Sunnis principally. My latest information, there's approximately 60,000 of these individuals who are being paid by the United States and not yet accepted by the Shiite government as integrated either into their security forces or elsewhere.

Both you gentlemen, if they can't effectively integrate 60,000 armed and organized militia forces, that could be a very difficult challenge to the government and it could present a force in waiting for civil conflict. So again first with General Maples, your comments about, can that be done, will that be done? What's the indication? Are they doing it?

General MAPLES. Sir, I think it's a real key point. The CLC groups, the Sons of Iraq, really have made a difference locally, and there is a great effort right now to try to integrate them into the Iraq security forces. Of course, a big part of that is where the payment is coming from. Right now from the United States, but ultimately from the Government of Iraq.

We have seen inconclusive trends, I would say. That is, there are some acceptance and movement in a positive direction, but we aren't at the point where that has been done. I think it's one of those matters that is critical for us to be inclusive, particularly with the Sunni population, and to bring them on board, because not doing so has an extremely negative effect.

Mr. MCCONNELL. Sir, I'd just add a couple things. The Prime Minister was pretty negative on this in the beginning. What's happened is the CLC groups have been effective in tamping down on the insurgency and al Qaeda in Iraq and so on. So I think the number you quoted is 60,000. It's probably closer to 70,000.

The current thinking is 20 percent will be integrated in the government. I think that's been agreed, and then the government will

attempt to find jobs for the remaining forces, so they're not armed groups any more.

Senator REED. My understanding from my recent visit was it was a roughly 80,000 total, 20,000 effectively, but in Anbar province, which is much easier because it's a Sunni province—in fact, I visited several of our military policemen who are training the Iraqi highway patrol. They seem to be part of this group that was integrated.

But south of Baghdad, in these critical mixed areas where these groups are located, the integration is not going well.

Let me quickly change because my time will come to an end. Admiral McConnell—and correct me if I'm misstating this—but the last NIE that spoke about the status of al Qaeda in Pakistan suggested strongly that they have reconstituted themselves in many respects, that they have been able to recruit individuals who are culturally assimilated to the United States and Europe, which makes their ability to conduct operations here more credible, their capacity has increased.

Do you find it troubling, more than 6 years after September 11, that in fact their capacity seems to be growing and their capability to attack us seems to be enhanced over these last several months and years?

Mr. MCCONNELL. Sir, I only would modify a bit of how you described it. The three things that they have—de facto safe haven, leadership, and the middle management—I agree with. They're attempting to recruit those that could assimilate and so on. They've been successful at some level, but has yet to be determined if they're going to ultimately be successful.

So you're asking in my view exactly the right question: What is it we do about this? The big question for us right now is what does the new government in Pakistan do about it? At one level, they are talking about at least that at the military level, being much more aggressive with regard to going into the FATA to address this issue.

At another level, at the political level, they're having dialogue about it's time to open dialogue and negotiate. So that becomes the question: What's the right course of action to actually be effective in reducing a threat.

Senator REED. My time has expired, unless, General Maples, you have any additional comment?

General MAPLES. No, sir.

Senator REED. Can I for the record at least ask the question, which is, do you feel you have sufficient human intelligence and intelligence, surveillance, and reconnaissance capabilities included in this budget that's been proposed and what you've asked for that is adequate to the threats that you see across the globe?

Mr. MCCONNELL. Sir, the budget—

Chairman LEVIN. If it's a short answer why don't you give it now. If not, for the record.

Mr. MCCONNELL. It's a short answer. The budget's adequate, but doing the things you just highlighted are difficult, because now you have to recruit, penetrate, all those kind of things. So it's a series of actions in progress. We have been successful. I'd have to take you to a closed session to give you a better understanding.

Senator REED. Thank you, Mr. Chairman.

Thank you, gentlemen.

Chairman LEVIN. Thank you very much, Senator Reed.

Senator Sessions.

Senator SESSIONS. Let me take a few questions in random order briefly. Admiral McConnell, the Senate bill, the Protect America Act, passed with more than a two-thirds vote in the Senate. It came out of the SSCI 13 to 2, a bipartisan, strong bipartisan piece of legislation. You have made it clear today and in your letter to the House chairman that this impacts and places at risk our intelligence gathering capability.

I don't think there's any dispute about that. I am very disappointed that the House spent a great deal of time in trying to issue a contempt of order against the White House and didn't have time to pass this legislation. So I think the American people need to be concerned about it, and there's just no—we've been in this. We know the details, some of which is secure, some of which is public. Enough is certainly public to make a good decision. I believe we need to keep moving and get this thing done soon.

I'm sure you generally agree that sooner is better than later.

Mr. MCCONNELL. Yes, sir. The more time that we wait, the more uncertainty that's created. The phrase I'm using, that I think is accurate, is our capabilities will atrophy as we go forward.

Senator SESSIONS. I think it's very critical.

General Maples, with regard to Senator Reed's questions about these militias that have been such a positive force, the Awakening groups, the Sons of Iraq, the CLC groups, that have really taken it upon themselves to say, we're tired of this violence, we're tired of al Qaeda, let's get this country moving in the right direction, seems to me their fundamental view. We have supported them.

I guess my question to you is, there has been some concern that that could create sectarian violence. Have you seen any of that to date? I'm sure there's always some possibility some of these groups might be hostile to one another. But to date, how is that going?

General MAPLES. Sir, we have not seen them turning to sectarian violence. In fact, quite the opposite. There is, I believe, a change in psychology among those Sunni groups and they really are trying to integrate into the processes and the future of their country.

Now, that said, we are starting to see some of those groups which you've talked to, particularly the Awakening movement, start to move from simply a gathering and a concern over security, to move into the political process and having their political interests run into the political interests of other Sunni groups. So you start to see some friction within the groups.

We also see a difference as we start—

Senator SESSIONS. It's a problem with democracy, isn't it?

General MAPLES. Yes, sir.

But we also see this in the areas where that has been successful. That may not be the same model that may be applicable in other parts of the country. So as we move further to the north, through Diyala and Ninawa Minowa, you start to see a different type of structure, less of the family, tribal basis to operate from. So you'll have to have different structures, different models, in order to bring about the same kind of security.

Senator SESSIONS. I couldn't agree more. Every area of Iraq, just like every area of the United States, is somewhat different, and the thought that we can run everything from Baghdad through this parliament is wrong. I think the grassroots positive progress is a model for success.

I see General Petraeus has noted that Mosul represents the last strongest area of al Qaeda. There's an article in the Washington Times today that's with the military in Sharqat, and shows that the population there is reevaluating. Captain Sam Cook, the commander there, noted: "They don't want occupation, but they don't like the insurgency's foreign links. They don't like al Qaeda's thugery and foreign support, and they're totally against Iraqis killing innocent Iraqis." He goes on to talk about in that northern area in the Sunni city of Sharqat that had been a very big problem, they were seeing about a 60 percent drop in high profile attacks.

So I guess our hope is that the plan, continuing to focus on the northern area, can lead to good results.

General MAPLES. Sir, can I just comment too and add to that? Because we've talked about the Sunni groups, but there's a whole other part of the country that we need to be concerned about and that is in the south. In fact, as we move towards the prospect of provincial elections in the October timeframe, particularly if the bills can be passed and we can start to move towards elections, there will be increased competition between the Shiite groups in the south as they move for position.

As that is going on, there have been a number of Shiite groups that have started down the Awakening line also and trying to do the same sorts of things in terms of assimilation into the country. There has been resistance to that. In fact, many of those groups have been taken on by special groups supported by Iran to keep them from moving forward in a positive way. So we still need to be concerned on the Shiite side as well.

Senator SESSIONS. I have no doubt of that. This is a delicate thing.

With regard to waterboarding, I think we've now had an official statement that it was used three times, never, General Maples, by DOD; is that correct?

General MAPLES. Sir, that's correct.

Senator SESSIONS. Only three times, against high-value targets, after legal review had been conducted, and, I would note, before the case Hamdan involving Common Article 3, that said that Common Article 3 applied in these circumstances, and since that date there has been none. It's been suspended. The Attorney General said none will be approved.

I think it's important for us to realize that where we did use some of these tactics, they were only used in a limited number of circumstances, against the highest targets, before the Common Article 3 case came out.

Admiral McConnell, let me ask you this. Put on your hat. We pay you to think at that high position you have. Kosovo, Somalia, Haiti, Afghanistan, and Iraq, all those I think tell us that culture is important in creating effective governments, and it's a bit arrogant to think that we have the ability to virtually overnight in historical terms create perfectly stable entities.

Is that a valid concept? Give us your thoughts on how we should think in the future about our capacity to bring dramatic change to cultures and civilizations that are not used to it?

Mr. MCCONNELL. Sir, there will be no dramatic change or rapid change. As you highlight, it's generational. So addressing the cultural issues, understanding the cultural issues, addressing it through a cultural point of view, is essential for us to be successful. So I think we have to understand and respect those local cultures, if we're going to hope to achieve change, particularly with regard to democratic institutions. Democracy's hard. It's really, really hard.

So if you think about it at one level, you're attempting to take cultures who normally resort to violence when they have a disagreement, to have them resort to dialogue to resolve their disagreements. That sometimes is generational for change.

Senator SESSIONS. I think that's correct, and we have to understand that before we undertake military operations, and we understand that if we do undertake them what the difficulties we're facing, and the fact that we're going to have to be patient and seek progress one step at a time. It's just not possible.

I would just conclude, Admiral McConnell, I remember Mr. McLaughlin, who was Acting Director of the Central Intelligence Agency (CIA), before our committee told us when we created the DNI the real question is who will brief the President and who will be responsible if it's wrong. At that point I think it was the CIA Director. Now you're the DNI, and CIA is under you, and we have an Iran NIE by some committee that somebody appoints, that ends up with a couple of State Department people who have a political agenda involved in writing this report, you attest to it, and it becomes a matter of great national and international significance.

I basically want your opinion, General Hayden's opinion. I'm not so interested in some group here making a report within the entities. You've indicated some concern about the Iran NIE after it's over, and certainly, the IAEA Commission has also. Would you give any thoughts about how we as Congress and the President can be assured we're getting the absolute decision of the top person in an agency on these kinds of issues?

Mr. MCCONNELL. First of all, Senator, I do brief the President 6 days a week and I'm responsible for the output, and I can assure you he holds me personally responsible for the output.

With regard to how we close out a NIE, I chair that board. There are 16 agencies that participate. General Hayden is sitting right to my right or left because of his seniority. We went through that process. What I would highlight for you is we got ourselves trapped a bit. We created an expectation here in Congress that if we did a NIE it would have unclassified key judgments.

Now, if you look back at our history, whatever the number is, 200, 300, 400 NIEs, we had never done unclassified key judgments, except in the debate surrounding Iraq and the terrorist threat to the Homeland. So it was about three NIEs that all of a sudden created a normative expectation: If we're going to produce a NIE, we're going to have unclassified key judgments.

So what I negotiated with my committees and the executive branch is, let's get back to let this community do what we're paid

to do, which is to collect and analyze foreign intelligence, we do it in a classified manner, and we provide the results that are classified to our leadership in the executive branch and to our overseers in Congress.

We got that agreed to. It took me several months to negotiate that. We agreed in October.

Let me fast forward to the end of November. We now had a NIE that had a significant change. Now, I think the press mischaracterized that change. I tried to put some of that in my comments today. There are three parts to a nuclear weapons program. You have to have fissile material; that's the biggest challenge. You have to have some way to deliver it; and you have to have a technical design or weapon.

What that NIE says, if you read it closely, is what they interrupted, what they halted, was the design specifics of the weapon. They're still doing ballistic missiles and they're still doing fissile material.

So the situation we found ourselves in is we brought that group in that you want to hold accountable together, we argued and debated for most of the afternoon, and agreed, here are the facts that we're going to report to the President. We did that on a Tuesday, which was November 27, and the next morning we reported to the President.

The President had an issue: There's a change here that is contrary to what you, Mike McConnell, testified to in public to Congress. I said: Yes, sir, I understand that and I'm worried about it, because if we don't make this public we withheld or we lied. So we had a dilemma. What is it? We went into this all the time planning to not have unclassified key judgments, so when we presented it to the leadership, because of the dilemma, it was concluded—it became my decision, but because of the dilemma the only thing we could do was to have unclassified key judgments and they had to be exactly consistent with the classified data.

Now, at that moment in time we had a real rush on our hands, because it's written, there's always a worry about a leak. We had not yet notified Congress, we had not yet notified our key allies. So we were in a race against time.

If I had had the foresight to know I was going to be forced to do unclassified key judgments because of the circumstances, I would have caused the key judgments to be very clear about what was stopped and what continued.

So I'll take responsibility. That's an error in judgment on my part. I wasn't clairvoyant or smart or it just happened in a way so that I couldn't get ahead of it. So that's my responsibility.

Lesson learned for us in my view is the appropriate policy for this community is we do not do unclassified key judgments of our classified work. I think that in a couple of mentions: one, if it's unclassified it enters a political dialogue. I'd rather give you the classified information and you have it, Congress has it, the President has it, the executive branch has it, and you can argue in the appropriate channels.

The other thing I worry about is the young analyst who's there writing it. We all have a political orientation and if you know now that this is going to be written for release to the public, does that

impact the way you would frame it? I don't know the answer to that question. I just, I worry about it.

So I think the appropriate place for us is let's not as a normal practice produce unclassified key judgments, and if I had to do it over again I would be very specific in how I described what was cancelled and what was continued.

Chairman LEVIN. Thank you, Senator Sessions.

Let me clarify one point with Mr. Powell about the FISA. You made reference to the difference between "a significant purpose" and "the significant purpose" in the Senate or House bill; is that correct?

Mr. POWELL. In the Senate bill I believe it says "the purpose" is to target, is to acquire the communications of a U.S. person, not "a significant purpose" or "the significant purpose."

Chairman LEVIN. In the House bill?

Mr. POWELL. In the House bill I believe it says—well, I'll pull it right here: "A significant purpose of an acquisition is to acquire the communications of a specific U.S. person."

Chairman LEVIN. In any event, it relates to the purpose being to acquire conversations of U.S. persons; is that correct?

Mr. POWELL. Correct.

Chairman LEVIN. Now, in Senator Graham's statement this had to do with adversaries in Iraq talking to adversaries in Iraq; is that correct?

Mr. POWELL. In the Iraq soldier situation, yes, I believe that's how he referred to it, yes, Senator.

Chairman LEVIN. In that circumstance it's our Iraqi adversaries talking to Iraqi adversaries; is that not correct?

Mr. POWELL. Correct, but if they're talking to a—certainly it would be one of our significant purposes would be to find out if they're contacting a U.S. person, which would not just be a specific U.S. person in terms of a human being, but also of course that includes companies and others also.

Chairman LEVIN. In other words, you think that he was referring to communications that were targeting U.S. persons? That's what you understood from his description?

Mr. POWELL. No, Senator, not at all. The question would be is when we go up on somebody overseas and surveil them in this case of Iraqi insurgents—

Chairman LEVIN. Iraqi insurgent to Iraqi insurgent.

Mr. POWELL. We don't know who they're going to talk to when we go up on them. That's the problem.

Chairman LEVIN. That was his hypothetical.

Mr. POWELL. I could just say when we cover our adversaries we don't know who they're going to call, and that's of course one of the key problems and why the Director has talked about why we can only target one end. "Foreign to foreign," sometimes people use that phrase, but we don't know. It's foreign to someplace. A high percentage of the time it's foreign to foreign, but at times it may touch a U.S. person or contact a U.S. person.

Mr. MCCONNELL. The reason that we, in working with the committee, agreed to "the significant purpose," that makes it very clear. Our purpose is foreigners, but if it's "a significant purpose" you could interpret that to say if the foreigner possibly called in to

the United States, and I would submit that may be the most important call we got that day, but it's not the purpose, but it could be a purpose.

Chairman LEVIN. You understood from Senator Graham's fact situation that that was a significant purpose?

Mr. MCCONNELL. Senator Graham's situation was pre-Protect America Act. We were operating under FISA.

Chairman LEVIN. I understand, but you understand that his description, the factual description?

Mr. MCCONNELL. I don't think Senator Graham made any reference to "significant purpose" at all. In this case the way we discussed it, it was all about Iraqis, foreigners in Iraq, and the issue was—

Chairman LEVIN. Talking to foreigners in Iraq.

Mr. MCCONNELL. Yes, sir.

Chairman LEVIN. You understood that?

Mr. MCCONNELL. Yes, but—

Chairman LEVIN. You understand that's—

Mr. MCCONNELL. But their communications passed through the United States. That's the issue.

Chairman LEVIN. Of course, of course, and everyone wants to cover them, by the way. There's no dispute on that.

But you understood that, Mr. Powell, also? When you got into the "significant purpose" test, you understood that in his hypothetical that it was Iraqi persons talking to Iraqi persons? You understood that when you gave me that answer about "significant purpose"? Did you understand that?

Mr. POWELL. I didn't see it as limited to that situation. I was thinking of it as what would we do presented with that situation under the House bill and could I certify, because I wouldn't know who they're talking to. There's a lot of baggage with the "significant purpose" test that goes back to the pre-2001 amendments to FISA.

Mr. MCCONNELL. Mr. Chairman, in fairness now—you know you're very good at this.

Chairman LEVIN. No, I don't know. I must—I'm not at all satisfied with the way you handled that question.

Mr. MCCONNELL. Let me try to—

Chairman LEVIN. That's fair enough, but it was very clear about that was the factual situation which was laid out for you, whether or not—

Mr. MCCONNELL. But what's important for me to make the point is, we talked about June, which is FISA. You're asking questions about Protect America Act, which came later, and you're putting it in the context of the Senate bill, which hasn't been made law yet. So when you ask your questions I think those of us listening have to know which point in time are you talking about, which law are you talking about, and then we can answer.

Chairman LEVIN. My question was absolutely specific, Director. It was whether or not the Senate version fixed that problem.

Mr. MCCONNELL. It does.

Chairman LEVIN. It does, and then I asked you, does the House version do it?

Mr. MCCONNELL. It does not.

Chairman LEVIN. No, it depends. Your counsel says it depends.

Mr. MCCONNELL. I believe it sets up a situation where it would not in all cases.

Chairman LEVIN. It might or might not. That's what your counsel says. You call in your counsel, he finally acknowledges it depends on something.

Mr. MCCONNELL. My worry is it sets up a situation where we're debating it. So if we're debating it we're not collecting it, that's the point.

Chairman LEVIN. I understand, I understand. We all want to collect it. That's not the difference between anybody. There's only one difference that remains that's significant, and that has to do with whether or not there's going to be retroactive immunity given to telephone companies who allegedly have violated the privacy rights of Americans. That's the only issue that really remains.

But you have here, it seemed to me, attempted to make another—

Mr. MCCONNELL. I was making no other point. I would agree with what you just said.

Chairman LEVIN. All right.

On North Korea's nuclear program—let me switch subjects, and I know it's kind of a lot to ask to move from issue to issue the way we do. The IC has made a conclusion here that North Korea could have produced up to 50 kilograms of plutonium, enough for at least half a dozen nuclear weapons. Nuclear experts outside of the government have concluded that North Korea could have up to 12 weapons.

I'm wondering whether your assessment, which says at least six weapons, is possibly consistent with the outside assessors that they have 12 weapons. Is there any inconsistency?

Mr. MCCONNELL. There's no inconsistency, sir. If you're good at it and you have 50 kilograms, that's enough for 12 if you know how to do it. The estimate is they're not very good at it, therefore they would take more of it, so the better guess is 6, but it could be 12.

Chairman LEVIN. But your reference is it's at least six?

Mr. MCCONNELL. Yes, sir.

Chairman LEVIN. Okay. Could be 12.

Have you taken a look at the conversation that took place between a senior North Korean official who's their vice minister of foreign affairs, between—when he said allegedly something on October 4, 2002, about the existence of a North Korean highly enriched uranium (HEU) program? You may remember that there was some—

Mr. MCCONNELL. I do.

Chairman LEVIN. Okay. There's some question as to whether or not he unambiguously acknowledged that program or whether there was some ambiguity in there. Have you concluded as to whether it was unambiguous?

Mr. MCCONNELL. The lack of ambiguity is more an assessment on our part of the evidence surrounding what was going on at that time.

Chairman LEVIN. The lack of ambiguity?

Mr. MCCONNELL. There is—we have high confidence that they had a HEU program, and there's no ambiguity about that in our

estimation based on the evidence that we had at hand. The person you're making reference to was searching for negotiating ground and presented a hypothetical. Some interpreted that to be an admission and some said, not necessarily an admission. So that's the reason there was confusion around what he said.

One thing I've discovered about North Koreans is they have no idea, the idea of truth. It's not in their makeup. So when you're having a discussion it's always how am I getting advantage and so on.

Now, our estimate on their HEU program has changed from high confidence in 2002 at the time you're making reference, to today, when we only make medium confidence, with the exception of DIA. The reason for that is the evidence that we saw—and when you have a situation like this you have shreds and pieces and some level of data—is not as consistent today as it was when we made the original estimate. So we have dropped our confidence level from high confidence previously to only medium confidence today.

Chairman LEVIN. Have you looked at the notes of that conversation where you say some have interpreted it as being an acknowledgment and some have said it's ambiguous? Have you reached a conclusion as to whether it was an acknowledgment or it was not? No, not you. I'm talking about has the IC, you as head of it, have you reached that conclusion one way or another?

Mr. MCCONNELL. I will get you that answer. I just don't recall. I'm familiar with it and I read some of the transcript data, but I don't know exactly. I just don't remember.

Chairman LEVIN. If you could do that for the record it would be great.

[The information referred to follows:]

[Deleted.]

Chairman LEVIN. I want to now switch to the ICBM, the North Korean ICBM program. They attempted to launch a Taepo Dong-2 in July 2006, which failed apparently. Do you know whether that Taepo Dong-2 was a space launch vehicle like the Taepo Dong-1 satellite launch attempt in 1998, or was it an ICBM? Have you reached a conclusion on that?

Mr. MCCONNELL. I think the IC has a position. I don't remember what it is. I just don't recall.

Chairman LEVIN. That's fine. We're shifting around here pretty quickly, so it's impossible to remember all these things. We understand that.

Mr. FINGAR. There's the inherent capability. If you can launch a satellite, it can be a ballistic missile. There are all kinds of reentry problems to it. On the first one launched, they claimed it was a space launch vehicle. On the one that failed, I don't believe there was a claim and there wasn't a separate assessment other than the inherent capability to be a ballistic missile.

Chairman LEVIN. All right. Senator Sessions.

Senator SESSIONS. I may be the only person in the room that's ever gotten a wiretap based on probable cause. I was a United States Attorney for 12 years and I think we had two, only two, and they're very difficult to obtain.

Mr. MCCONNELL. I was going to ask you, sir, to explain the process to get a probable cause warrant. That is a significant undertaking.

Senator SESSIONS. The both that we used I think had at least 100 pages. You have to take it to some judicial authority. They have to examine it and review it, and they have their staff review it to make sure there's probable cause before the judge will sign off on it.

Then you have to have a team of agents 24 hours a day involved in monitoring the calls, and if you clearly have a wife calling about a personal matter you have to turn off the machine and not listen to that. But even then, Admiral McConnell—and Senator Levin, I think this is important—if a call is made to someone you never expected to call, that call is recorded, because that's the purpose of the wiretap.

The purpose of the wiretap is to find out who this person is calling, to gather evidence that they may be involved in a crime, and you have to have substantial—so to put that kind of burden—now, your counsel here, but it's a simple thing historically and remains so today: You do not have to have probable cause to get a wiretap on a foreign, non-American citizen outside the United States. Isn't that correct, for intelligence purposes?

Mr. MCCONNELL. We're back now to the situation, if it's not already in the books for Protect America Act, we're back to a situation where we would have to produce a probable cause standard to get a warrant if it's a foreigner in a foreign country talking to a foreigner, if the place of the intercept is in the United States on a wire.

Senator SESSIONS. That's what the Patriot Act had to fix. I admit that's because of the possibility it went through the United States.

But the simple question is, you are not required by law to have to have probable cause to participate in intelligence gathering of foreign people outside the United States?

Mr. MCCONNELL. If I intercept it in a foreign country.

Senator SESSIONS. Right.

Mr. MCCONNELL. If I intercept it here—

Senator SESSIONS. That's the historic principle and it's not been changed.

Mr. MCCONNELL. That's correct.

Senator SESSIONS. That's the way, and so we have the technical problem of a call might be routing through the United States and that causes a technical problem. But I'm trying to focus just on the simple principle, because I think we need to understand we're not overreaching here.

So if you have a wiretap on a drug dealer in the United States or a Mafia person and they call someone to discuss something that you never heard of, some other American citizen in the United States, of course you listen to it. That's what the wiretap is for, to find out who he is talking to.

Now, if you have a legal right to tap a terrorist in Iraq and they call to the United States, I think it's plain to me that you have a right to tap that phone. You've established a legal authority to tap that phone. So then it comes up, what if you know that person in Waziristan or Baghdad periodically calls different people in the

United States? One of your purposes is to listen to that call because it might be the message to blow up some building and kill Americans. You want to know that call. Then I think, isn't that the reason you couldn't accept the "a purpose" of the call, "a purpose"——

Mr. McCONNELL. Yes, sir.

Senator SESSIONS. —because one of your purposes would be hopefully to pick up a call that might help identify a terrorist cell in the United States?

Mr. McCONNELL. Yes, sir, that's correct. I would add that the bill that was passed on the Senate side, and it's actually included in the Protect America Act, is if we were targeting someone inside the United States for foreign intelligence purposes, we get a warrant. So if it's strictly foreign and he happens to call in, I have a situation where I must—I can use the information if it's of intelligence value. I can report it. I camouflage the identity of the U.S. person, but I can report it, and if it is of no intelligence value, then I have to minimize it.

So the situation was accommodated in either case to ensure the protection of the civil liberties of Americans.

Senator SESSIONS. So I think a significant purpose of the intercepting of a terrorist phone call in Iraq, listening in on those numbers, may get you by, although that might sometimes cause you a problem. But any purpose of it, I think every time you're listening in on a terrorist who may be leading an organization, one of your purposes would be to hear if they make calls into the United States.

Mr. McCONNELL. The purpose would be to collect information on the foreign target. A purpose could be if he is activating a cell. That's why we were very specific——

Senator SESSIONS. I think you were correct to make that clear and be firm on that. I'm glad we agreed in the Senate by more than a two-thirds vote and we passed it. It's time for the House to get busy and work this thing out and move us forward and make these rules permanent so you can have confidence.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you.

Just to clarify that, if there's a call being made by a terrorist that you believe is a terrorist, not through this new technology, just a direct call to somebody in the United States on a regular pay phone, you need to get a warrant for that?

Mr. McCONNELL. It depends on where I intercept it, sir. It depends on where I intercept it.

Chairman LEVIN. In the United States.

Mr. McCONNELL. If I got it in the United States and it's not already pre-loaded, I would have to have a warrant.

Chairman LEVIN. You do?

Mr. McCONNELL. Under today's rules.

Chairman LEVIN. Well, no, even under the Senate bill?

Mr. McCONNELL. Under the Senate bill, if it originated in a foreign country and it's a foreigner I do not have to have a warrant.

Chairman LEVIN. If it comes into the United States on a regular pay phone?

Mr. McCONNELL. What do you mean, "regular pay phone"?

Chairman LEVIN. A regular phone, not—it's not routed to——

Mr. MCCONNELL. A regular phone wouldn't be any different from any other phone.

Chairman LEVIN. Okay, it's not routed to somebody outside of the United States. It's a call made to somebody——

Mr. MCCONNELL. To a pay phone here in the United States?

Chairman LEVIN. To a phone here in the United States.

Mr. MCCONNELL. I would not have to have a warrant under the Senate bill.

Chairman LEVIN. How about under the House bill?

Mr. MCCONNELL. Under the House bill, it depends.

Chairman LEVIN. Okay.

Mr. MCCONNELL. Can I give you an example?

Chairman LEVIN. So the new routing issue, this new technology where it's being routed through the United States to a foreign person or to a foreign point, that's not just the issue here, then? In other words, the argument has been that there's new technology, and it's been described publicly, where a foreign call is routed through the United States.

Mr. MCCONNELL. Foreign to foreign, yes, sir.

Chairman LEVIN. Foreign to foreign.

Mr. MCCONNELL. Right.

Chairman LEVIN. That if it were foreign to foreign without being routed, you wouldn't need a warrant under the old law.

Mr. MCCONNELL. Under Protect America Act.

Chairman LEVIN. Under the old law, if it was not routed through the United States.

Mr. MCCONNELL. No warrant.

Chairman LEVIN. You don't need a warrant.

Mr. MCCONNELL. Even under old FISA.

Chairman LEVIN. Under old FISA.

Mr. MCCONNELL. Agreed.

Chairman LEVIN. Because there's a new technology where it's routed through the United States——

Mr. MCCONNELL. Under old FISA, warrant; under Protect America, no warrant.

Chairman LEVIN. Exactly right. I think everybody wants to correct that problem. That is not the issue and it shouldn't be made the issue.

So now you do not have this new technology under my next question. You have old technology being used. Is there any change you need relative to old technology being used?

Mr. MCCONNELL. The change—the way it's described in the Senate bill——

Chairman LEVIN. You need a change in law on that.

Mr. MCCONNELL. In the Senate bill—it depends. Let's go back to old FISA. If I'm intercepting it overseas, no warrant. If I'm intercepting it in the United States, warrant.

Under Protect America Act, because I'm targeting overseas, no warrant. Under the Senate bill, no warrant, because my purpose is foreign.

Chairman LEVIN. All right, even though it comes into the United States.

Mr. MCCONNELL. That's correct.

Chairman LEVIN. All right. If a purpose is to overhear a conversation to an American, it's foreign to American and that's your purpose, do you need a warrant? The answer would be yes under the House bill.

Mr. MCCONNELL. House bill. No under the Senate bill.

Chairman LEVIN. If that is a purpose.

Mr. MCCONNELL. A purpose. The purpose, okay.

Chairman LEVIN. That's correct. If a purpose, however, is to intercept a phone call coming from overseas to an American citizen, if a purpose, under the House bill, you then have to go and get a warrant?

Mr. MCCONNELL. That's correct. The way you're describing it here, the "a" in this case could be a hypothetical. So what that introduces is uncertainty, and now you're in a debate about it. So that's why we tried to hold the line on "the purpose."

Chairman LEVIN. Right.

General, just one last question for you. I wrote you on December 21, 2007, requesting that you declassify two DIA documents. You're still waiting on the CIA to complete its part of the review before you can get me the material. A great deal of similar material has already been reviewed and declassified, so this is not new ground.

Do you know why the CIA has not completed this straightforward review for more than 2 months?

General MAPLES. Sir, I'm not aware specifically of their reason. We are in direct contact with them and with your staff right now to try to facilitate a response to you. I did get a response back from them that they anticipate having something to me in the near term, and I mean within about a week, and which we'll immediately respond and turn your response back to you.

Chairman LEVIN. I want to go back to this probable cause issue as well, just to clarify that. Under the Senate bill, if the purpose is to intercept a conversation to an American here and the intercept takes place here—

Mr. MCCONNELL. If the purpose, I have to have a warrant.

Chairman LEVIN. You have to establish probable cause.

Mr. MCCONNELL. Yes, sir, probable cause and a warrant if the purpose.

Chairman LEVIN. A warrant.

Mr. MCCONNELL. A warrant.

Chairman LEVIN. The same difficulties of establishing probable cause exist.

Mr. MCCONNELL. Sure, and appropriately so.

Chairman LEVIN. I think we all agree that it's appropriate. So I just want to make clear that under either bill, under different tests, that if it's the purpose one time then you have to get probable cause; if it's a purpose, under the House bill you have to establish probable cause. But in either event, there are circumstances in both bills where, even though it's a call coming in from a terrorist to the United States, intercepted in the United States, you must establish probable cause.

There are circumstances in either bill—I'm not saying it's the same circumstances.

Mr. McCONNELL. There's a nuance here you need to appreciate, sir. You can only target one or the other. If I'm targeting foreign, no warrant.

Chairman LEVIN. Got you.

Mr. McCONNELL. Now, if I target in this country I have to have a warrant.

Chairman LEVIN. That's true, that's true under both bills.

Mr. McCONNELL. That would be any time I target a U.S. person I have to have a warrant.

Chairman LEVIN. Even though the call comes from a foreign terrorist?

Mr. McCONNELL. But sir, you can't target—that's the part of the technology you're not—

Chairman LEVIN. I'm not talking about the new technology.

Mr. McCONNELL. Any technology. Remember, I can only—think of it takes two telephones to talk. I can only target one or the other. So I'm targeting foreign; I don't know who he's going to call. He could call a foreigner, he could call an American, he could call wherever.

Chairman LEVIN. I understand, I understand that. But I'm saying if the call is coming in—

Mr. McCONNELL. Coming in.

Chairman LEVIN. —from a foreign source that is a terrorist source—

Mr. McCONNELL. No warrant because I'm targeting a foreign source, because I can only do one. I can only target one end. I can't control who he calls.

Chairman LEVIN. Okay.

Mr. McCONNELL. Now, if I am targeting inside, that's my target, that's the phone number I'm going to go after, I have to have a warrant.

Chairman LEVIN. If the significant purpose of targeting that foreign source is an American, is an American—

Mr. McCONNELL. If it's the purpose—

Chairman LEVIN. If it's the purpose.

Mr. McCONNELL. —got to have a warrant.

Chairman LEVIN. Then you have to go and get a warrant.

Mr. McCONNELL. That's correct.

Chairman LEVIN. If that's the purpose.

So all I'm saying is under either bill there are circumstances where you must establish probable cause and go to a FISA court.

Mr. McCONNELL. There are—in either bill, I must do probable cause if I'm targeting a U.S. person.

Chairman LEVIN. Under either bill.

Mr. McCONNELL. Yes, sir.

Chairman LEVIN. The probable cause difficulty is the same always? Probable cause is probable cause.

Mr. McCONNELL. We should be required to do probable cause any time we target—

Chairman LEVIN. I hope everybody would agree on that.

Mr. McCONNELL. Yes, sir.

Chairman LEVIN. I think everybody would agree.

Mr. McCONNELL. But we're arguing as hard as we can that we shouldn't be going to a probable cause standard to target a foreigner in a foreign country.

Chairman LEVIN. We got it.

I won't ask if there's any other questions because I'd be asking myself. We thank you both. It's been a long hearing and I hope a useful hearing. We appreciate your attendance and your patience. We will stand adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

INTERROGATION PRACTICES—ARMY FIELD MANUAL

1. Senator LEVIN. Director McConnell, the Intelligence Authorization Act approved by Congress includes a requirement that all elements of the Intelligence Community (IC) follow the Army Field Manual (AFM) on Interrogations. The AFM on human intelligence (HUMINT) collection operations prohibits a number of specific actions from being used for interrogations, including waterboarding, forced nudity, beatings, use of military working dogs, and mock executions. The AFM requires treatment consistent with Common Article 3 of the Geneva Conventions, which prohibits "cruel treatment and torture" and "humiliating and degrading treatment."

You testified to the Senate Select Committee on Intelligence earlier this month that you didn't believe the AFM would be appropriate for use by the Central Intelligence Agency (CIA) because the AFM is "designed for a specific purpose, for men in uniform, generally younger, less experienced, and less trained" than CIA interrogators. What did you mean when you said that the AFM on Intelligence was designed for "a special purpose"? Isn't it designed to collect intelligence?

Mr. McCONNELL. The United States AFM on Interrogations was designed to meet the needs of America's military. The AFM was not designed with the sole focus on interrogation of senior al Qaeda terrorists who may have information necessary to disrupt an attack on the Homeland. The AFM was intended to cover detainees who Department of Defense (DOD) personnel may encounter worldwide—many of whom enjoy the full protection of the Geneva Convention as uniformed military personnel complying with the laws of war.

2. Senator LEVIN. Lieutenant General Maples, what is your understanding on why the AFM prohibits waterboarding?

General MAPLES. Paragraph 5-75 of Field Manual 2-22.3, Human Intelligence Collector Operations, prohibits the use of waterboarding in conjunction with intelligence interrogations. This manual was issued on 6 September 2006 and reflects the statutory mandate of the Detainee Treatment Act of 2005 that no individual in the custody or under the control of the U.S. Government shall be subject to cruel, inhuman, or degrading treatment or punishment. Waterboarding is not consistent with this standard.

3. Senator LEVIN. Lieutenant General Maples, do you believe that waterboarding is consistent with Common Article 3 of the Geneva Conventions? Is it humane?

General MAPLES. As I stated during the hearing, I do not believe that waterboarding is consistent with common Article 3 of the Geneva Conventions, nor do I believe it is humane.

4. Senator LEVIN. Lieutenant General Maples, you testified recently that "the approaches that are in the AFM give us the tools that are necessary for the purpose under which we are conducting interrogations" in your testimony before the House Permanent Select Committee on Intelligence, on February 7, 2008. Do the approaches in the AFM give you the tools you need for conducting intelligence operations?

General MAPLES. The 18 approaches listed in FM 2-22.3 provides DOD interrogators the tools necessary for interrogations, which are an integral part of intelligence operations.

AL QAEDA ALLURE DIMINISHING?

5. Senator LEVIN. Director McConnell, several times in your prepared statement you suggest that al Qaeda's reputation and allure may be fading. Do you believe the erosion is significant and lasting?

Mr. McCONNELL. [Deleted.]

IRAQ—DEPTH OF STRIFE

6. Senator LEVIN. Director McConnell, in recent testimony, you stressed that “[M]any Sunnis who participate in local security initiatives retain a hostile attitude toward the Shiite parties that dominate the government, and some Shiite leaders still view many anti-al Qaeda in Iraq Sunni groups as thinly disguised insurgents who are plotting to reverse the political process that brought the Shiite to power.”

You also noted that “Improved security is a necessary but not sufficient condition to stabilize Iraq. Bridging differences among competing factions and communities and providing effective governance are critical for achieving a successful state, but moving ahead on that road has been tough for Iraq . . . the political gaps between Iraqi communities . . . remain deep.” Is one implication of your remarks that the Iraqi people and the elites are themselves as yet unpersuaded that Iraq is destined to be stable and secure?

Mr. McCONNELL. [Deleted.]

NEED FOR PRESSURE

7. Senator LEVIN. Director McConnell, do you believe that the Iraqi Government, security forces, and broader political and religious leaders will take responsibility for their country's destiny without pressure from the United States, including the message that our commitment is not open-ended?

Mr. McCONNELL. [Deleted.]

AMBITIONS AND FEARS OF SUNNIS, SHIITES, AND KURDS

8. Senator LEVIN. Director McConnell, have the Sunni elites accepted minority status in a decentralized Federal Government, or do they still generally harbor ambitions to regain their former dominant position in Iraq? Do the Shiite elites remain convinced that the Sunnis intend to reassert their authority, and do they lack confidence that they can resist the Sunnis without substantial external assistance—either from the United States or from Iran?

Mr. McCONNELL. [Deleted.]

SECTARIAN POTENTIAL OF IRAQI SECURITY FORCES

9. Senator LEVIN. Director McConnell and Lieutenant General Maples, if the political process breaks down altogether in Iraq, do you expect that the Iraqi security services will split apart along sectarian and ethnic lines and become combatants in a civil war?

Mr. McCONNELL. [Deleted.]

General MAPLES. [Deleted.]

10. Senator LEVIN. Director McConnell and Lieutenant General Maples, would the tribal groupings we have been working with also become organized assets in a civil war?

Mr. McCONNELL. [Deleted.]

General MAPLES. [Deleted.]

STRENGTH OF AL QAEDA IN IRAQ

11. Senator LEVIN. Director McConnell and Lieutenant General Maples, how would you characterize the level of success we have achieved against al Qaeda in Iraq?

Mr. McCONNELL. [Deleted.]

General MAPLES. [Deleted.]

12. Senator LEVIN. Director McConnell and Lieutenant General Maples, what portion of this success is due to military actions, actions by Iraqis themselves turning

against al Qaeda in Iraq, and actions by Iraq's neighbors in stemming the flow of foreign fighters and material support into Iraq?

Mr. MCCONNELL. [Deleted.]
General MAPLES. [Deleted.]

INTELLIGENCE SUPPORT AGAINST IMPROVISED EXPLOSIVE DEVICE NETWORKS

13. Senator LEVIN. Director McConnell, the national intelligence agencies are focused on countering al Qaeda and other terrorist groups, and particularly on supporting the military's campaigns against al Qaeda in Iraq and Afghanistan. Some in the military have expressed concern that the intelligence agencies are not adequately supporting the armed forces' struggle against improvised explosive device (IED) networks—specifically the flow of funds and materials into Iraq that support these networks. Have you closely examined the type and level of national intelligence support committed to the IED problem?

Mr. MCCONNELL. [Deleted.]

IRANIAN AGENTS IN IRAQ

14. Senator LEVIN. Director McConnell, how many Quds Force operatives do you estimate are operating in Iraq?

Mr. MCCONNELL. [Deleted.]

15. Senator LEVIN. Director McConnell, are there significant numbers of Iranian agents from other Iranian government organizations?

Mr. MCCONNELL. [Deleted.]

16. Senator LEVIN. Director McConnell, what is the range of activities that these personnel are engaged in?

Mr. MCCONNELL. [Deleted.]

STRENGTH OF IRANIAN INFLUENCE

17. Senator LEVIN. Director McConnell, how would you characterize the degree of influence Iran exercises over the Shiite organizations and population as a whole in Iraq? Is this influence growing or shrinking?

Mr. MCCONNELL. [Deleted.]

THREAT ESTIMATES SUPPORTING F-22 ACQUISITION

18. Senator LEVIN. Lieutenant General Maples, my understanding is that you and the Defense Intelligence Agency (DIA) are responsible for producing a consensus estimate of the threat that is the basis upon which we develop and purchase weapons systems for the future. Is that correct?

General MAPLES. Essentially, that is correct. DIA is tasked in DOD Instruction 5105.21 to “[s]upport the DOD weapons system acquisition process by producing threat assessments within DIA or validating assessments produced by other Defense Intelligence Components for all major DOD acquisition programs . . .” For each Major Defense Acquisition Program, DIA works with the intelligence analysis center supporting the lead Service responsible for developing the program to convene a Threat Steering Group (TSG). The TSG consists of all DOD IC agencies with analytic responsibilities for areas potentially affecting the system under development. The System Threat Assessment Report (STAR) for the program is produced by the Service intelligence center and reviewed by the agencies represented on the TSG, including DIA. When each agency's concerns have been resolved, DIA validates the STAR for use in the defense acquisition process. Should an analytical disagreement arise that cannot be resolved, the STAR process allows for the representation of alternative views.

DIA also validates the Capstone Threat Assessment (CTA) series of documents, the DOD IC's official assessment of the principal threat systems and capabilities within a category of warfare that a potential adversary might reasonably bring to bear in an attempt to defeat or degrade U.S. weapon systems undergoing development. CTAs look out 20 years and are not associated with any specific U.S. weapon system.

19. Senator LEVIN. Lieutenant General Maples, my understanding is that one principal reason that there is a difference of opinion between the DOD leadership and the Department of the Air Force over continued production of the F-22 aircraft is a disagreement between their respective estimates of the severity of future threats in the fiscal year 2025 timeframe. Are you aware of this disagreement?

General MAPLES. DIA is not aware of disagreements between DOD leadership and the Department of the Air Force over the severity of future threats in the fiscal year 2025 timeframe.

DIA has validated two principal threat documents for use in support of the F-22 acquisition program: the System Threat Assessment Report for the F-22A, published by the National Air and Space Intelligence Center (NASIC) in November 2006, and the Air CTA, published by NASIC in August 2006. Both documents are in the process of being updated. DIA also validates the Joint Country Forces Assessment (JCOFA), which provides estimates of future threat order of battle, to include air assets. The JCOFA process is similar to that of the STAR in that it includes the pertinent Service intelligence centers in both action and review.

20. Senator LEVIN. Lieutenant General Maples, what is the process that the DOD uses to resolve disagreements that arise?

General MAPLES. In the event of substantive disagreement between production centers, should the TSG be unable to resolve the disagreement into a single DOD IC position, the position held by the production center with primary analytical responsibility for the issue will become the position slated in the STAR. Centers with analytical responsibility for aspects of the issue under consideration that still disagree with the stated position may submit alternative text stating their disagreement. In the rare case of a significant issue where: (1) different assessments based on the same intelligence exist, (2) both assessments meet the validation criteria noted below, and (3) agreement cannot be reached on appropriate language, the senior acquisition intelligence official in the production center or office may request alternative text. The validation criteria include appropriateness and completeness of the intelligence, consistency with existing intelligence positions, and use of accepted analytic tradecraft in developing assessments.

21. Senator LEVIN. Lieutenant General Maples, do you know whether the DOD and the Air Force are both using the DIA-approved threat estimates? If they are not, on what basis would they use a different estimate?

General MAPLES. So far as DIA is aware, both DOD and the Air Force are using the same DIA-approved threat estimates.

NORTH KOREA'S NUCLEAR PROGRAM

22. Senator LEVIN. Director McConnell, your January quarterly report to this committee, as required by the National Defense Authorization Act for Fiscal Year 2007, continues to assess—in its unclassified version—that the IC has “high confidence that North Korea has pursued efforts to acquire a uranium enrichment capability, which we assess is intended for nuclear weapons. All the IC agencies judge with at least moderate confidence that this past effort continues today. The degree of progress towards producing enriched uranium remains unknown, however.”

Assuming North Korea had a program, is it possible that North Korea, like Iran, has suspended it? If so, how possible would you say that it is?

Mr. MCCONNELL. [Deleted.]

23. Senator LEVIN. Director McConnell, what possible considerations might have led, or might lead, North Korea to abandon an existing highly enriched uranium (HEU) program?

Mr. MCCONNELL. [Deleted.]

24. Senator LEVIN. Director McConnell, under what conditions might we expect North Korea to continue any existing HEU program activity?

Mr. MCCONNELL. [Deleted.]

IMPLEMENTATION OF SIX-PARTY TALKS AGREEMENT ON DENUCLEARIZATION

25. Senator LEVIN. Director McConnell and Lieutenant General Maples, as a result of the agreement reached in the Six-Party Talks, North Korea is required to take steps to disable and then dismantle its nuclear weapons program. The disablement process, which was supposed to have been concluded by December 31, remains

incomplete. The press has indicated that North Korea claims to have slowed the removal of fuel from its 5-megawatt reactor in response to late fuel deliveries and because the United States has not accepted the regime's declaration of its nuclear activities. Some of the slow-down occurred at the suggestion of the United States to address some health and safety issues. What is the IC's assessment of why North Korea slowed the removal of fuel from the reactor?

Mr. MCCONNELL. [Deleted.]

General MAPLES. [Deleted.]

26. Senator LEVIN. Director McConnell and Lieutenant General Maples, given the slower pace, when can we expect the disablement to be completed?

Mr. MCCONNELL. [Deleted.]

General MAPLES. [Deleted.]

NORTH KOREAN NUCLEAR PROLIFERATION

27. Senator LEVIN. Director McConnell, your written statement notes you remain concerned North Korea could proliferate nuclear weapons abroad. Has North Korea proliferated nuclear materials or technology to other countries? If so, when, and to whom? Is such proliferation ongoing?

Mr. MCCONNELL. [Deleted.]

28. Senator LEVIN. Director McConnell, how would you assess our ability to detect North Korea's nuclear proliferation activities?

Mr. MCCONNELL. [Deleted.]

29. Senator LEVIN. Director McConnell, do you have any reason to believe that North Korea is providing assistance to, or cooperating with, other states seeking nuclear weapons, such as Iran or Burma?

Mr. MCCONNELL. [Deleted.]

30. Senator LEVIN. Director McConnell, what factors or motivations would prevent North Korea from proliferating nuclear material, or technology, to terrorists?

Mr. MCCONNELL. [Deleted.]

31. Senator LEVIN. Director McConnell, are there any circumstances under which North Korea might knowingly proliferate nuclear weapons to terrorists or other nations?

Mr. MCCONNELL. [Deleted.]

STRATEGIC MODERNIZATION PROGRAMS

32. Senator LEVIN. Director McConnell, the United States, Russia, China, and other nuclear weapons states have ongoing strategic modernization programs. At what point do modernization programs present a concern or a threat?

Mr. MCCONNELL. [Deleted.]

ANTI-SATELLITE WEAPONS

33. Senator LEVIN. Director McConnell, China demonstrated an anti-satellite (ASAT) capability last year, creating debris that will last for decades. The United States recently used a SM-3 missile from the Navy's ballistic missile defense program to shoot down a dead United States satellite. While clearly this effort was driven by a need to protect populated areas from exposure to the toxic satellite fuel, it did demonstrate an ASAT capability. What are the long-term implications of both actions for development—not just research or testing—of ASAT systems globally?

Mr. MCCONNELL. China and Russia are using the United States, intercept of a National Reconnaissance Office satellite for their campaign to portray the United States' intention to weaponize space. In addition, Russia has claimed the use of the SM-3 missile—developed for missile defense purposes is proof this was an ABM/ASAT test and has tried to link the intercept to the missile defense sites issue in Europe.

[Deleted.]

34. Senator LEVIN. Director McConnell, conversely, do these two actions improve the chance of an international discussion on ASAT weapons or debris mitigation or prevention?

Mr. McCONNELL. International discussions on ASAT weapons and debris mitigation/prevention have been ongoing even prior to either of these two actions being performed. In specific, there exists the U.N. Committee on the Peaceful Uses of Outer Space (COPUOS), the U.N. Conference on Disarmament (CD) Prevention of an Arms Race in Outer Space (PAROS), and the international Interagency Space Debris Coordination Committee (IADC).

Since 2002, Russia and China have been collaborating in the CD/PAROS forum on a joint proposal that would prohibit signatories from testing or deploying weapons on orbit (Draft Treaty on the Prevention of the Placement of Weapons in Outer Space). Russia recently updated the draft proposal in June 2007 and this proposal is still under debate. Of note, the draft treaty would not have banned the Chinese ASAT test or the U.S. satellite engagement. For COPUOS, space debris has become the top priority and the committee is working on developing "Rules of Good Behavior" in outer space to address the issue. To this end, COPUOS, in June 2007, endorsed the IADC's "Space Debris Mitigation Guidelines" document.

BALLISTIC MISSILE THREATS

35. Senator LEVIN. Director McConnell and Lieutenant General Maples, in July 2006, North Korea attempted to launch a Taepo Dong-2, but it failed within the first minute after launch. Given the failure of the July 2006 Taepo Dong-2, does the IC judge that North Korea has any operational intercontinental ballistic missiles (ICBM) deployed?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

36. Senator LEVIN. Director McConnell and Lieutenant General Maples, given the failure in July 2006, does the IC judge that North Korea would need to conduct additional development and testing to have a reliable long-range ballistic missile capable of striking the United States?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

37. Senator LEVIN. Director McConnell and Lieutenant General Maples, does the IC assess that North Korea has developed reliable and effective re-entry vehicle technology that would successfully survive re-entry of an ICBM flight?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

38. Senator LEVIN. Director McConnell and Lieutenant General Maples, does the IC assess that North Korea has developed a reliable nuclear warhead for a ballistic missile that would work effectively from launch through re-entry and successful detonation at intercontinental ranges?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

IRAN'S MISSILE PROGRAMS

39. Senator LEVIN. Director McConnell and Lieutenant General Maples, previous unclassified testimony and reports indicate that Iran currently has the largest inventory of short- and medium-range ballistic missiles in the Middle East, numbering hundreds of missiles. Is that still correct?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

40. Senator LEVIN. Director McConnell and Lieutenant General Maples, last year's testimony indicated that Iran's ballistic missile program was focused on regional missile capabilities. Is that still the case?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

41. Senator LEVIN. Director McConnell and Lieutenant General Maples, does the IC assess that Iran is likely to have an ICBM capability deployed by 2015, without foreign assistance?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

TERRORIST ATTACK MORE LIKELY THAN INTERCONTINENTAL BALLISTIC MISSILE ATTACK

42. Senator LEVIN. Director McConnell and Lieutenant General Maples, for a number of years, the IC has judged that it is more likely that the United States would be attacked by terrorists than by long-range ballistic missiles, and that an attack against the United States with a weapon of mass destruction is more likely to be delivered by means other than a ballistic missile. Is that still the judgment of the IC?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

43. Senator LEVIN. Director McConnell and Lieutenant General Maples, how long does the IC judge that will be the case, for example, for the next decade?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

RUSSIAN REACTION TO EUROPEAN MISSILE DEFENSE

44. Senator LEVIN. Director McConnell and Lieutenant General Maples, Russia has made numerous harsh statements and threats concerning the proposed deployment of a U.S. missile defense system in Poland and the Czech Republic, including the possibility of targeting nuclear missiles at those nations. What do your organizations judge is the most likely Russian reaction if the deployment goes forward, and what do you believe is a plausible worst-case Russian reaction?

Mr. McCONNELL. [Deleted.]
General MAPLES. [Deleted.]

 QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

FUTURE CHALLENGES

45. Senator AKAKA. Director McConnell, recent history has once again demonstrated that some of the most potentially devastating threats come from areas and directions that are generally unpredicted. Or, even if highlighted by intelligence personnel, these threats do not receive the adequate attention and resources necessary to respond to them before it's too late. Your testimony before this committee highlights many areas for concern, especially in the space and cyberspace domains, that are relatively young in their development. What geographic region of the world or subset of space/cyberspace threats not identified today has the biggest potential to be a future challenge to U.S. national security and is currently not a priority in the Western IC?

Mr. McCONNELL. [Deleted.]

46. Senator AKAKA. Director McConnell, when do you speculate attention and resources need to be turned toward this area?

Mr. McCONNELL. [Deleted.]

CONTINUING EDUCATION

47. Senator AKAKA. Director McConnell, education is important to me. I am especially concerned at the widening gap between the number of U.S. students graduating with post-secondary degrees in science, engineering, and computer technology disciplines when compared with China and India. With the growing cyberspace threats to America's information infrastructure and corresponding economic security that you mentioned, how concerned are you with the availability of people from the future technological talent pool that will be able to help us mitigate these threats?

Mr. McCONNELL. The DNI is concerned with the widening gap between the number of U.S. students graduating with post-secondary degrees in science, engineering, and computer technology disciplines compared to other countries. To that end, through our National Intelligence University (NIU) System, we are actively encouraging institutions to develop and emphasize, and individuals to pursue, degrees in these fields. Our programs with universities not only encourage student to study intelligence analysis, but also to obtain degrees in mathematics, computer science, and other technological specialties. In addition, we are working jointly with the DOD on the "Flagship Program" which focuses on teaching students critical languages, such as Farsi, Urdu, and Chinese. With the development of the NIU System, we now

have a means by which to gather IC education requirements and anticipated shortfalls. We will continue to close that gap through our partnership with academia.

QUESTIONS SUBMITTED BY SENATOR MARK PRYOR

NUCLEAR NON-PROLIFERATION

48. Senator PRYOR. Lieutenant General Maples, in your testimony you state, "Russia retains a relatively large stockpile of non-strategic nuclear warheads. Nuclear weapons or 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." How effective have our Departments of Energy, State, and Defense nuclear non-proliferation programs been in trying to reduce this nuclear proliferation threat that has been of concern for years?

General MAPLES. [Deleted.]

Weapons-usable nuclear material will likely remain more vulnerable to theft than warheads because it is stored in diverse facilities that have different security practices and levels of accessibility than do weapons sites. Undetected diversion of weapons-usable nuclear material has likely occurred, and we are concerned about the total amount of material that could have been diverted or stolen in the last 15 years. However, there has been a marked decline in the number of observed nuclear material interdiction cases since the time immediately following the collapse of the Soviet Union and the subsequent implementation of several ongoing threat reduction programs.

[Deleted.]

49. Senator PRYOR. Lieutenant General Maples, from your perspective, have U.S. nuclear non-proliferation efforts reduced the vulnerability of attacks or internal theft of Russian nuclear stockpiles?

General MAPLES. [Deleted.]

Russia's nuclear material protection, control, and accounting practices have been slowly improving over the last several years. Progress on security enhancements is most advanced at civilian institutes and Russian navy sites. Progress is impeded at facilities within the Federal Agency for Atomic Energy State Corporation (Rosatom) nuclear weapons complex, which contains large amounts of material of proliferation interest, because Russian security concerns prevent direct U.S. access to sensitive materials. We remain concerned about the insider threat and potential terrorist attacks at facilities housing weapons-usable nuclear material.

[Whereupon, at 12:14 p.m., the committee adjourned.]

